

**Unmasking Cultural Protectionism: An Analysis of the Relationship Between
the Nation State and Culture in Contemporary Canada**

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Abstract:

Previous studies of contemporary cultural policy have focused primarily on the impact of foreign popular cultural goods on national cultures. While these studies evaluate the effectiveness of the policies, the motivations driving the original legislation are largely overlooked. This dissertation marks a departure from this approach by assessing contemporary Canadian cultural policy from a motivational perspective by questioning the factors driving protectionist cultural policy in an era of trade liberalization. In addition to qualitative and quantitative research, this analysis relies on documents received from the Canadian government through Access to Information Requests to provide an understanding of the influencing factors driving the development of protectionist cultural policy in Canada in response to the split-run magazine dispute of the 1990s.

This thesis begins with an examination of the perceived role of popular culture in nation building and the presumed role of foreign culture in eroding national identity as the foundation of protectionist cultural policy in Canada. After establishing this foundation, three hypotheses regarding potential alternative motivations driving the development of contemporary protectionist cultural policy in Canada are tested through an in-depth examination of the split-run magazine dispute. The first hypothesis is that protectionist cultural policy in Canada is motivated by economic forces. The second hypothesis is that private interests of industry and political stakeholders drive protectionist cultural policy in Canada. The final hypothesis is that cultural protectionism in Canada serves a broader political agenda in a globalizing context. Analysis revealed that the legislation developed throughout the split-run dispute was not designed to meet the government's stated objective of fostering a greater sense of national identity through the provision of Canadian content to Canadians. Likewise, while economics and a broader political agenda both appeared to factor into the policy development to some extent, neither can be determined as the primary motivator driving Canadian protectionist cultural policy. Instead, this dissertation reveals contemporary Canadian cultural policy is driven by political elites purporting to protect national identity while shaping legislation to promote stakeholder interests. In doing so, it substantiates allegations that Canadian cultural policy is shaped by elites promoting their own objectives. This dissertation provides the foundation for further analysis of the role and influence of stakeholders in cultural nationalism.

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Abbreviations

ACA	Association of Canadian Advertisers
AIR	Access to Information Request
CBP	Canadian Business Press
CMF	Canadian Magazine Fund
CMPA	Canadian Magazine Publishers Association
DFAIT	Department of Foreign Affairs and International Trade
DOCH	Department of Canadian Heritage
GATT	General Agreement on Tariffs and Trade
HYPN	Harrison, Young, Pesonen and Newell
ICA	Institute of Canadian Advertisers
INCP	International Network on Cultural Policy
LNA	Leading National Advertisers
NAFTA	North American Free Trade Agreement
NIICD	New International Instrument on Cultural Diversity
NCPP	National Circulation and Promotion Program
SAGIT	Sectoral Advisory Group on International Trade
SALM	Support for Arts and Literary Magazines
SBDSMP	Support for Business Development for Small Magazine Publishers
SEC	Support for Editorial Content
SID	Support for Industry Development
UNESCO	United Nations Educational, Scientific and Cultural Organisation
USTR	United States Trade Representative
WTO	World Trade Organisation
WVS	World Value Survey

Chapter 1: Introduction

Modern theories of nationalism attribute popular cultural goods such as publishing, music, television and film with playing a fundamental role in nation building.¹ In this context, 'popular culture' such as newspapers and magazines are credited with creating and maintaining a national consciousness, reiterating legitimacy of the state, and ensuring national continuity.² However, while domestic popular cultural goods build the nation, it is believed exposure to foreign cultural goods could serve to erode the national consciousness and garner support for a rival state.³ This issue is further compounded if the presence of foreign cultural goods negatively impacts the potential return on investment for domestic cultural productions, making it economically unfeasible to produce domestic popular culture.

These theories reflect the political concerns driving implementation of protectionist cultural policy in countries such as Canada as technology and globalisation facilitate global sharing of cultural goods. Given Canada's fragmented population, its geographic location and the extent of American popular culture permeating the border, Canada has a tradition of implementing protectionist cultural policy with the goal of unifying the population and resisting cultural imperialism.⁴ The focus of protectionist Canadian cultural policy can be divided between 'high' culture and 'popular' culture. First, Canada has a history of cultural policy aimed at the promotion or protection of traditional 'high' culture such as academic institutions, museums or artefacts to retain national treasures and celebrate its history.⁵ Second, Canada has a history of implementing protectionist cultural policy to support private sector cultural industries such as publishing, music and audiovisual technology such as film and television, video games and the Internet.⁶ These industries mass produce widely accessible 'popular' cultural goods, which are understood to reflect national characteristics, customs and behaviour.⁷ The latter is the focus of this dissertation.

¹ See, for example, Benedict Anderson, *Imagined Communities*, rev. ed. (USA: Verso, 1991); and Michael Billig, *Banal Nationalism* (UK: Sage Publications, 1995).

² See, for example, Anderson, *Imagined Communities* and Billig, *Banal Nationalism*.

³ See Billig, *Banal Nationalism*; and David Held and others, *Global Transformations* (United Kingdom: Polity Press, 2004), 328.

⁴ For more information see Chapter 3 of this dissertation.

⁵ For more on 'high' culture, see Ernest Gellner, *Nations and Nationalism*, 2nd ed. (India: Blackwell Publishers, 2006), 48-49; or Tom Henighan, *The Presumption of Culture* (Vancouver: Raincoast Books, 1996).

⁶ UNESCO. "Cultural Industries." UNESCO, 2007 http://portal.unesco.org/culture/en/ev.php-URL_ID=2461&URL_DO=DO_TOPIC&URL_SECTION=201.html (accessed May 3, 2007).

⁷ Bernard Ostry, *The Cultural Connection*, (Canada: McClelland & Stewart Ltd., 1978), 12.

Despite liberalising trade in other sectors in recent years, Canada has maintained a protectionist stance in relation to 'popular' culture, as evidenced, for example, by the cultural inclusion clause in NAFTA.⁸ Further, Canada has done so despite evidence suggesting its existing cultural policy is either redundant, ineffective or serves private sector elites such as owners or executives of cultural industries. Studies have emerged indicating exposure to foreign popular cultural goods does not undermine national identity but can strengthen domestic cultural output.⁹ Illustrations of sustained national differences despite long-term exposure to foreign cultural products further indicate exposure to foreign cultural goods will not lead to cultural imperialism¹⁰. Additionally, studies evaluating the effectiveness of Canada's cultural policy in cultivating or improving national identity lead to questions regarding the role of cultural policy¹¹. Finally, allegations that political and private sector elites developed and profited from the legislation raise doubts regarding the true motivations and intended outcomes of Canadian cultural policy¹².

Given this body of evidence, this dissertation aims to unearth the extent to which alternative motivations such as economics, stakeholder relationships or a broader political agenda influence the retention of protectionist cultural policy in Canada at the end of the twentieth century. Through an in-depth case analysis of the split-run magazine dispute of the 1990's, this dissertation examines three hypotheses related to potential motivators driving continued development of protectionist cultural legislation in an era of trade liberalisation. The first hypothesis is that 'protectionist

⁸ Anne McCaskill, (Private consultant to the CMPA and CBP throughout split run dispute), in telephone discussion with the author, August 25, 2004.

⁹ See, for example, Paul Rutherford, *The Making of the Canadian Media* (Canada: McGraw-Hill Ryerson Ltd., 1978), 172; Paul Rutherford, "Made In America: The Problem of Mass Culture in Canada," in *The Beaver Bites Back? American Popular Culture in Canada*, ed. David H. Flaherty and Frank E. Manning (Canada: McGill-Queen's University Press, 1993) 260 – 280; Northrop Frye, *Divisions on a Ground*, ed. James Polk (Toronto: House of Anansi Press Ltd., 1982), 64; Ramsay Cook, *Canada, Quebec and the Uses of Nationalism*, 2nd ed. (Toronto: McClelland & Stewart Ltd., 1995), 17; Melvin Bragg, "Cultural Imperialisation" (Includes interviews with Linda Colley, Philip Dodd and Mary Beard), *In Our Time*, BBC Radio 4, June 27, 2002; David Morely, "Globalisation and Cultural Imperialism Reconsidered: Old Questions in New Guises," in *Media and Cultural Theory*, ed. James Curran and David Morley (Great Britain: Routledge, 2006), 30 - 43.

¹⁰ See, for example, Seymour Martin Lipset, *North American Cultures: Values and Institutions in Canada and the United States*, Borderland Monograph Series #3 (USA: Borderlands Project, 1990), 32; A. Silj, *East of Dallas: The European Challenge to American Television* (London: British Film Institute, 1988); Eric Michaels, *Bad Aboriginal Art and Other Essays* (Minneapolis: University of Minnesota Press, 1994); J. Gripsrud, *The Dynasty Years: Hollywood, Television and Critical Media Studies* (London: Routledge, 1995), Gerald Friesen, *Citizens and Nation: An Essay on History, Communication and Canada* (Canada: University of Toronto Press, 2000), 190.

¹¹ See, for example, Steven Globberman, *Culture, Governments and Markets: Public Policy and the Culture Industries* (Canada: The Fraser Institute, 1987); Susan Crean, *Who's Afraid of Canadian Culture?*, (Don Mills, ON: General Publishing Co. Ltd., 1976) and Richard Collins, *Culture, Communication and National Identity: The Case of Canadian Television* (United States: University of Toronto Press, 1990).

cultural policy in Canada is economically motivated based on the increasing relevance of cultural industries in a knowledge-based economy'. The second hypothesis is that 'stakeholder interests and political relationships are the motivating factors driving protectionist cultural policy in Canada in an era of trade liberalisation'. Within this context the term 'stakeholder' applies to elite individuals such as executives of private cultural industries or professional bodies directly affected by the policy outcomes of the split-run dispute. The third hypothesis is that 'protectionist cultural policy is related to other government initiatives, notably foreign policy objectives, on a broader scale'. Through testing each of these hypotheses, this analysis aims to determine if political and private sector interests are manipulating national sentiment to protect an increasingly lucrative industry, special relationships or a broader political agenda.

Canada is a critical case study for this project based on its long history of protectionist cultural policy developed to foster national identity through the expression of "Canadian perspectives". This dissertation considers Canada to be a nation state with cultural protectionism applied as a tool to promote national identity according to Giddens's criteria of a unified population bound by administrative institutions over a precisely defined territory¹³. However, it is recognized that the issue of whether Canada is a nation state is contentious. This in turn has implications on the perceived role of cultural protectionism in unifying a fragmented population and resisting foreign cultural influences. This is the focus of Chapter 3, which presents the classification of Canada as a modern nation state and summarizes the application of cultural protectionism within this context. Chapter 3 outlines that, despite its heterogeneity, Canada is a nation state unified not through linguistics or ethnicity, but rather through a series of civic institutions committed to pluralism, represented in its governance structure and rule of law.¹⁴ However, because of the lack of a common ethnic, linguistic or religious tradition unifying the populous, Canada is overly dependent on political tools to maintain national unity and promote a national identity (defined by Prizel as a society's self perception and "collective memory"¹⁵). Within this context, cultural goods and services are

¹² Crean, *Who's Afraid of Canadian Culture?*, 11; Gliberman, *Culture, Governments and Markets*, 28.

¹³ Anthony Giddens, *Social Theory and Modern Sociology* (Great Britain: Stanford University Press, 1987), 172.

¹⁴ For more on Canada as a nation state unified through the Constitution and a commitment to pluralism, see Ramsay Cook, *The Maple Leaf Forever: Essays on Nationalism and Politics in Canada*, 2nd ed. (Canada: Macmillan, 1977), 6, 8, 187; and Leslie Armour, *The Idea of Canada and the Crisis of Community* (Ottawa: Steel Rail Publishing, 1981), 139.

¹⁵ Ilya Prizel, *National Identity and Foreign Policy: Nationalism and Leadership in Poland, Russia and the Ukraine* (United Kingdom: Cambridge University Press, 1998), 14.

perceived by the government as a tool of nationalism representing and reflecting the nation, promoting an imagined community grounded in shared experiences¹⁶. Importantly, this imagining is framed around national ideology and values, common law, traditions, and governance structures within a clearly demarcated territory. Targeting easily accessible, “popular” cultural industries, Canadian cultural policy has been developed with the mission of creating a sustainable and competitive environment for the production and distribution of domestic content to further promote national identity.¹⁷ Despite being at the forefront of multilateral agreements focussing on international trade liberalisation, the Canadian government has ring fenced cultural industries based on the premise protectionist cultural policy is essential to national “survival”.¹⁸ For example, Canada set an international precedent by insisting on the inclusion of a cultural exclusion clause in trade agreements such as the North American Free Trade Agreement (NAFTA). In doing so, Canada exemplified its anxiety regarding the potential impact of liberalised trade of cultural goods and services on Canadian identity not evidenced by other traders of cultural goods such as the United States.¹⁹

Further, international challenges to Canada’s protectionist cultural legislation at the end of the twentieth century are also setting global precedents. Specifically, Canadian cultural policy has been challenged by the United States as contravening commitments under the General Agreement on Tariffs and Trade (GATT). Canada has faced challenges to cultural legislation not yet experienced by other countries due to its close proximity to and porous borders with the U.S., with other nations closely monitoring the outcomes. Although some cases, such as Country Music Television, were resolved relatively quickly, others, notably the split-run magazine dispute, have led to a more global debate on protectionist cultural policy at the end of the twentieth century. Specifically, the split-run magazine dispute was instigated by Sports Illustrated publishing a Canadian split-run edition which replicated foreign editorial content but replaced original advertising with domestic advertising. Although this practice was restricted in Canada as it was considered dumping, Sports Illustrated had evaded existing policy preventing physical importation of split-run magazines by electronically transmitting the split-run magazine to a Canadian printer. To compensate for this legislative ambiguity, the Canadian government

¹⁶ For more on the concept of the Imagined Community see Anderson, *The Imagined Community*.

¹⁷ Canada, Canadian Heritage, “Cultural Affairs”, Canadian Heritage, http://www.canadianheritage.gc.ca/progs/ac-ca/index_e.cfm (accessed May 7, 2007).

¹⁸ Globberman, *Culture, Governments and Markets*, 15.

¹⁹ Lipset, *North American Cultures*, 1.

introduced new tariffs aimed at further restricting publication of split-run periodicals in Canada. The United States successfully challenged the Canadian policy at the WTO, setting a global precedent restricting cultural policy in an era of liberalised trade as the WTO ruled trade of cultural goods did not restrict the ability of a country to protect its cultural identity.²⁰ The ruling sparked a course of events, leading to a re-evaluation of Canadian periodical policy, the development of new legislation in the form of Bill C-55, and the Canadian instigation of an international forum on cultural diversity. The proposed Bill C-55 was opposed by the United States, presenting the first real challenge to the cultural exclusion clause of NAFTA and ultimately leading to threats of trade sanctions by the United States. This dispute was finally resolved by a bilateral agreement granting split-runs access to a portion of the Canadian advertising market accompanied by the instigation of a subsidy program in the form of the Canadian Magazine Fund (CMF), the Canadian instigation of the International Network on Cultural Policy (INCP) and a New International Instrument on Cultural Diversity (NIICD).

The split-run magazine dispute therefore provides a well-documented, contemporary case study illustrating the Canadian rationale driving the continued protection of cultural industries, American opposition to this stance, and international relevance of the Canadian response within a context of a changing economic focus. As the dispute coincided with a national economic strategy to push towards a knowledge-based economy it provides an opportunity to examine the protection of an increasingly lucrative sector to determine if continued protection of cultural industries on the basis of nationalism is actually a strategic ploy to protect the country's economic interests. Equally, well-documented actions of the government and stakeholders throughout the dispute and consequent legislative debates allow for the analysis of the political defence of cultural policy on the basis of protecting national identity. It also allows for the evaluation of allegations of a special relationship between Canada's top publishers and the government. Further, the Canadian government implemented the new International Network on Cultural Policy in response to the challenges it faced in the split-run dispute. This leads one to enquire if protection of the sector is motivated by a foreign policy agenda as Canada attempted to reposition itself on an international stage.

²⁰ Canada, Canadian Heritage, "New Advertising Services Measure to Promote Canadian Culture," *News Release*, July 29, 1998, http://www.pch.gc.ca/newsroom/index_e.cfm?fuseaction=displayDocument&DocIDCd=8NR064 (accessed April 25, 2007).

By investigating the motivations driving contemporary cultural policy in Canada, this study adds to existing literature and marks a departure from existing studies of Canadian cultural policy which accept the legislative requirement for protectionist legislation as a starting point. This study builds on Prizels' finding that sociologists and political scientists who study nationalism rarely conduct depth analysis of contemporary policy or question the theoretical justification for the continued execution of policy based on a nationalist defence.²¹ A notable contemporary exception in the field of cultural policy is Billig, whose work on the role and impact of popular cultural products on the nation state is an area of focus in Chapter 2 of this dissertation.²² Further, practical studies on protectionist Canadian cultural policy in a global environment can generally be grouped into three categories. The first category includes studies promoting protection of cultural industries as a strategy of resisting impending cultural imperialism. The second category includes studies justifying industry protection given economic disadvantage experienced by the Canadian cultural industry due to American competition. The third category includes studies evaluating the effectiveness and legality of Canadian cultural policy. Further, contemporary studies on the split-run dispute, Bill C-55, the INCP or the CMF again focus primarily on the effectiveness or legality of these legislative solutions rather delving into the motivations for maintaining such policy at the end of the twentieth century.

The first category includes studies advocating protection of Canadian cultural industries as a national tool to unite the fragmented Canadian population and resist the negative impact of overwhelming exposure to American cultural products on Canadian national identity. This argument is presented succinctly by Henighan's overview "that the Canadian national vision, made manifest, articulated, and shaped by its culture, is in danger", specifically from the "universal entertainment culture" stemming from the United States.²³ Crean and Hurtig also present the view that, through exposure to American popular culture, American ideas and standards slowly permeate Canadian consciousness to shape the society, ultimately resulting in American cultural imperialism.²⁴ Dowder takes this argument a step further, advocating the implementation of cultural policy as an element of national security, reflecting the Canadian government's position which has equated cultural policy to

²¹ Prizel, *National Identity and Foreign Policy*, 7.

²² Billig, *Banal Nationalism*.

²³ Henighan, *The Presumption of Culture*, 4.

²⁴ Crean, *Who's Afraid of Canadian Culture?*, 269; Mel Hurtig, *The Vanishing Country* (Canada: McClelland & Stewart Ltd., 2002), Part 3.

military policy.²⁵ Dissenting opinions to these arguments focus on the lack of convergence between Canada and the United States despite many cultural similarities and exposure to American cultural products.²⁶ This position is corroborated by studies which demonstrate national identities maintain their unique traits despite sustained, long-term exposure to foreign cultural products.²⁷ Rutherford casts further doubt on the imperialist argument, arguing exposure to American cultural products has actually improved Canadian cultural production.²⁸ Although these studies each debate the validity of the political defence underlying protectionist cultural legislation, speculating that exposure to foreign cultural goods has served to strengthen the Canadian industry or, as in the case of Crean and Globerman, questioning if self-interested elites are too close to policy development, they do not provide an assessment of alternative motivators.

Second, within the field of Canadian cultural policy there are analyses of the requirement for protection of the industry in an environment of global competition for a domestic audience. These studies are largely based on the economic argument that Canada's cultural industries require protection given the small, fragmented and linguistically diverse market in Canada rendering cultural production in Canada unfeasible. Grant and Wood warn that Canadian cultural producers, to remain profitable in a globalising environment, are generating a more homogenised product they can export, eliminating signs of Canadiana in domestic productions in an effort to appeal to an international audience.²⁹ These economic difficulties are compounded by competition from American cultural goods which have already recouped their costs in the American market, allowing substantial discounting in secondary markets, combined with the expectations of consumers given the high production quality of the foreign cultural products being imported. Thus, these analyses examine the premise that cultural policy is required to sustain a Canadian cultural industry, ensuring room for Canadian content by and for Canadians. Globerman's analysis of Canadian cultural policy in realising its goals acknowledges the implication that government intervention is necessary to monitor the trade of popular cultural products given Canada's small domestic market in relation to the

²⁵ Ken Dowder, "The Cultural Industries Policy Apparatus," *The Cultural Industries in Canada*, ed. Michael Dorland (Toronto: James Lorimer and Company Ltd., 1996) 328-46.

²⁶ See, for example, Seymour Martin Lipset, *Continental Divide: The Values and Institutions of the United States and Canada* (Toronto: C.D. Howe Institute, 1989).

²⁷ See, for example, Silj, *East of Dallas: The European Challenge to American Television*; Eric Michaels, *Bad Aboriginal Art and Other Essays*; and J. Gripsrud, *The Dynasty Years: Hollywood, Television and Critical Media Studies*.

²⁸ Rutherford, *The Making of the Canadian Media*, 172.

United States and the free flow of American cultural goods across the border.³⁰ Audley's analysis of Canadian cultural industries is based on the hypothesis that Canada must strengthen its domestic cultural industries and advocates for public policy focused on achieving this objective.³¹ This perspective is supported by Grant and Wood's focus on the complications surrounding the Canadian cost disadvantage in the global trade of cultural goods resulting in cultural policy to promote domestic industries.³²

Third, there are numerous studies which focus on the effectiveness or legality of Canadian cultural legislation. For example, Ostry, Crean and Globerman each question the effectiveness of existing cultural legislation to deliver on its intended outcomes given industry involvement in cultural policy development.³³ Collins' detailed evaluation of television in Canada raises further questions regarding the effectiveness of Canadian broadcasting policy to shape Canadian national identity.³⁴ Studies by Acheson and Maule focus on the legality or the effectiveness of the legislation relating to the publishing industry in meeting its goals within the context of multilateral trade agreements and global trade pressures rather than questioning the development of these goals or their relevance at the end of the twentieth century.³⁵ Further, although the essays presented in Dorland focus on understanding the Canadian experience as precedent for other countries in a liberalising global environment, again, the authors do so by outlining the effectiveness of the policy, presenting a historic perspective, rather than questioning the validity of the motivators driving it altogether.³⁶ Although each of these studies questions the ability of existing cultural policy to meet its objectives, they do not focus on questioning the motivators driving the continued development and retention of protectionist cultural policy in Canada. For example, although Globerman's study

²⁹ Peter Grant and Chris Wood, *Blockbusters and Trade Wars: Popular Culture in a Globalized World* (Canada: Douglas and McIntyre, 2004), 55-56.

³⁰ Globerman, *Culture, Governments and Markets*, 25.

³¹ Paul Audley, *Canada's Cultural Industries* (Canada: James Lorimer and Company / Canadian Institute for Economic Policy, 1983), xxi.

³² Peter Grant and Chris Wood, *Blockbusters and Trade Wars*, Part 1.

³³ Bernard Ostry, *The Cultural Connection*, 7; Crean, *Who's Afraid of Canadian Culture?*, 5; Globerman, *Culture, Governments and Markets*, 24.

³⁴ Richard Collins, *Culture, Communication and National Identity*, see, for example, Chapters 10 and 11 and p. 330.

³⁵ Keith Acheson and Christopher Maule, "Copyright and Trade Regimes Governing Print, Television and Film," in *The Cultural Industries in Canada*, ed. Michael Dorland (Toronto: James Lorimer and Company Ltd., 1996), 308-27; Keith Acheson and Christopher Maule, *The Culture of Protection and the Protection of Culture - A Canadian Perspective in 1998*, Carleton Industrial Organization Research Unit (CIORU), no. 98-01 (Ottawa: Carleton University, Department of Economics, 1998); Keith Acheson and Christopher Maule, *Much Ado about Culture: North American Trade Disputes* (USA: University of Michigan Press, 1999).

highlights that despite government assistance, cultural output continues to be problematic, while direct subsidies arguably serve to promote private sector interests with questionable ramifications on quality of output, the remit of this study is not to pursue the influences shaping the development of the policy that leads to these outcomes.³⁷

Finally, other contemporary studies focusing on the split-run magazine dispute and the consequent proposed legislation, Bill C-55, the INCP and the IICD do not question the underlying motivation or requirement for the protectionist policy in an era of trade liberalisation. Instead, they focus on elements reflecting the three categories outlined above. Cohen, for example, focuses on the efficacy of Canadian cultural policy to achieve its objectives and the feasibility of cultural protection in a global era by studying the potential for multilateral coordination as a solution to protecting trade of cultural products in the context of international law and binding trade agreements.³⁸ Cohen's study focuses on Canadian cultural policy options related to the split-run magazine dispute up to the end of October 1999. It does not consider developments such as the CMF or the level of influence of the INCP, nor does it consider the dialogue between the Department of Canadian Heritage (DOCH) and stakeholders in developing new policy within the parameters of globalisation. While focusing on the recommendation for multilateral engagement regarding trade of cultural goods leading to the development of the INCP, Cohen's line of questioning does not address motivations driving these options, nor the effectiveness of policy aimed at portraying Canadian content to a Canadian audience. Instead, her analysis focuses on legislative feasibility in a world bound by trade agreements. Equally, a recent dissertation by Green focuses on the challenge of finding a legislative compromise that would protect access to Canadian cultural markets from a nationalist perspective while also accommodating those who view cultural products as an economic commodity.³⁹ However, Green begins from the perspective that cultural goods essential to the nation as a political tool to resist American imperialism, and, although questioning the motivations driving the legislative response to the split-run magazine dispute, does so within the context of global motivating factors such as binding trade agreements. Therefore, Green's

³⁶ Michael Dorland, *The Cultural Industries in Canada* (Toronto: James Lorimer and Company Ltd., 1996).

³⁷ Globerman, *Culture, Governments and Markets* (see, for example, pages viiii, 2, 43).

³⁸ Wendy Cohen, "Negotiating Culture in an Era of Globalisation: The Potential for Multilateral Cooperation," (PhD Thesis, Department of Law, Carleton University, 1999).

³⁹ Christina Green, "The Great Cultural Divide: Split-Run Magazines in the 1990's" (M.Sc. Thesis, Queens University, 1999).

study touches upon each of the three categories outlined above, first presenting the need for cultural protection through a fatalistic perspective with policy options falling into the first category regarding viable legislative options to protect the cultural sector as well as overlapping into the second category through its focus on the economic challenge posed to Canadian cultural industries. Finally, although Green examines the motivations behind Bill C-55, she only does so from the position of macro political outcomes, focusing on the motivation of strengthening national identity held by the publishers and the DOCH versus what Green calls the economic motivations driving the Department of Foreign Affairs and International Trade (DFAIT). Analysis of the role of key stakeholders is minimal, however, and limited to the publishers' associations support for protectionist policy to protect Canadian identity. Finally, analysis of the economic position is based on eliminating protectionist cultural policy and treating cultural goods as other commodities to facilitate market access and free trade of cultural goods.

Other recent studies, including those of Cochina and Bristow, focus on various forums for cultural policy to determine which most effectively reconciles domestic needs with international trade agreements through studying the development of the International Network on Cultural Policy and the subsequent International Instrument on Cultural Diversity.⁴⁰ Similarly, these studies do not question the underlying motivation driving the requirement for continued protection of the sector. Further, Doig advocates Canada should collaborate internationally to develop relevant cultural policy within a global context, but again, starts from the standpoint the policy requirement is given.⁴¹

Rabinovitch outlines Canada's approach to cultural policy as opposed to American's liberalised stance on the trade of cultural goods, before turning to question if these opposing views can be reconciled.⁴² While Rabinovitch does focus on motivations driving cultural policy and pressure to liberalise trade of cultural goods and services, citing Canada's linked perception of cultural products to national identity and the American focus on economic as the countries' motivators driving opposing policy,

⁴⁰ Claudia Cochina, "International Cultural Policy in Canada: Exploring Dialogues in an Emerging Practice." (M.Sc. Thesis, McGill University, 2003); Jason Bristow, "Canada and the Cultural Trade Quandary: Rethinking National Identity, Economic Liberalization, and Policy Capacity," (PhD Thesis, Carleton University, 2004).

⁴¹ Ryan Mitchell Doig, "Protecting Canadian Culture: The Case of Split-Run Periodicals" (M.Sc. Thesis, University of Calgary, 2002).

⁴² Nina Rabinovitch, "Anne of Green Gables Meets Ally McBeal: Managing the Canadian and American Approaches to Cultural Policy," paper presented at the 3rd Annual Graduate Student Seminar: Canada-U.S. Relations (Ottawa, ON, Canadian Centre for Foreign Policy Development, May 4, 2001).

she does not examine the validity of these positions. Instead, Rabinovitch evaluates the effectiveness of various policy options allowing the countries to meet their respective objectives, accepting the validity of Canada's position. Thus, although Canadian cultural policy and Bill C-55 have been the subject of recent studies, the premise of the relevance and motivations driving the legislation at the end of the twentieth century remains unquestioned.

This dissertation therefore aims to address these gaps by assessing the recent developments in Canadian cultural policy from a motivational perspective to determine the drivers of the legislation at the end of the twentieth century. Although existing literature surmises the role of cultural policy in serving the interests of elites, a systematic analysis of the motivating factors driving cultural policy in Canada in an era of trade liberalisation has yet to be conducted. By focussing on the split-run magazine dispute between Canada and the United States this study evaluates the Canadian defence and development of periodical legislation in the 1990s, questioning influences motivating the development of protectionist policy in a contemporary context. In doing so, this study aims to determine if Canadian cultural policy is implemented for the gain of select individuals or for the best interest of the country. Although these are not opposing forces and can work collaboratively for the good of the nation, to retain state legitimacy, policies must be transparent and accountable or risk undermining the nation.

1.1 Methodology

This study is structured around an in-depth case study analysis of the split-run magazine dispute between Canada and the United States to test the three hypotheses outlined above.⁴³ To examine the variables influencing the development of legislative solutions following the WTO ruling, the study incorporates both qualitative and quantitative research as outlined below.⁴⁴ Information obtained through Access to Information Requests (AIRs) forms the bulk of original research presented in this dissertation regarding the relationship between the government and publishers, specifically in Chapter 6.⁴⁵ Original statistical analysis of World Value Survey Data comparing Canadian and U.S. survey responses over a 30 year

⁴³ For more information on in-depth case study analysis, see Earl Babbie, *The Practice of Social Research*, 6th ed. (California: Wadsworth Publishing Company, 1992), Chapter 11.

⁴⁴ For more information on qualitative and quantitative research, see Paul Pennings, Hans Keman, and Jan Kleinnijenhuis, *Doing Research in Political Science* (London: Sage Publications, 1999), 307-310; and Gary King, Robert O. Keohane, and Sidney Verba, *Designing Social Inquiry: Scientific Inference in Qualitative Research* (Princeton, New Jersey: Princeton University Press, 1994), 61-61 and 3.

⁴⁵ For more information on primary research and associated techniques, see Babbie, *The Practice of Social Research*, 286-297.

period further contributes to existing studies on the impact of foreign cultural exposure on national identity, outlined above.⁴⁶

At each stage of data collection, as much observable data was obtained in relation to each hypothesis as possible to avoid drawing biased inferences.⁴⁷ For example, economic data applied in the analysis of the first hypothesis reflects multiple sources including information from numerous Statistics Canada studies, government reports and minutes of parliamentary proceedings. Minutes of Committee meetings and parliamentary proceedings reflecting the extent of involvement of some stakeholders and excluding others are supplemented by AIRs from the Department of Canadian Heritage and interviews. Equally, statistical evidence presented in Chapter 8 from World Values Survey (WVS) covers a large time span to avoid drawing false conclusions. The collection of data in each area, as outlined below, was carried out methodically with the intention of producing the same result if replicated.

This study evaluates the Canadian defence and development of periodical legislation at a federal level between 1993 and 2003 through analysis of the split-run magazine dispute between Canada and the United States. Canada is a critical case study given its role as a global leader in the field of cultural policy and the split-run dispute is a natural selection for a case study given it resulted in unprecedented challenge at the WTO and led to a re-evaluation of protectionist cultural policy in an era of trade liberalisation. This study does not aim to evaluate the motivating factors influencing Canadian cultural policy in relation to other cultural industries (such as film, radio or television) or to evaluate the motivations driving Canadian periodical legislation outside this date range. However, the findings relating to stakeholder involvement revealed in this study can be applied as a basis for further study of the Canadian cultural sector given the two large publishers involved in this case are both parts of major Canadian media conglomerates with interests across a myriad of Canadian cultural industries. Additionally, this dissertation only focuses on the development of cultural policy at a federal level. In Canada the federal government is responsible for national policies and programs that endorse creation and dissemination of Canadian content and promote national identity both domestically and internationally, while the provinces are focused on promoting provincial identity. Protectionist policy impacting foreign access to the domestic market is implemented at a federal level, and the content requirements, postal subsidies and foreign

⁴⁶ For more information on comparative study, see Babbie, *The Practice of Social Research*, 336-342.

⁴⁷ King, Keohane & Verba, *Designing Social Inquiry*, 23-24.

restrictions discussed and challenged throughout the split-run dispute are federal policies rather than provincial mandates. Finally, trade agreements impacting the trade of cultural goods in Canada such as NAFTA and GATT involve the federal government rather than the provinces. The re-evaluation of cultural policy in response to the WTO tribunal decision in the split-run dispute was conducted at a federal level and the recommended outcomes were federal policy proposals. Thus, the split-run dispute does not have a provincial component except where publishers contacted provincial governments as a liaison with the DOCH to get their voices heard, as is outlined in Chapter 6. Thus, this dissertation does not consider provincial economic motivators, provincial political agendas or relationships between politicians or stakeholders at a provincial level.

1.1.1 Qualitative Analysis

The qualitative analysis is an evaluation of empirical evidence relating to the split-run dispute throughout the 1990's. The first element of qualitative analysis included research of newspaper articles, government reports, Hansards and parliamentary minutes relating to multiple departments and various committees, in addition to reports published by the International Network on Cultural Policy. The second element is comprised of documentation obtained through AIR. The third element included in-depth interviews with key political players and stakeholders in the split run dispute. These interviews added context to preliminary research findings and supported AIRs and analysis.

First, a number of Government of Canada publications were evaluated to understand the background, context and timeline of the split-run magazine case, the legislative options considered following the WTO ruling, and the variables influencing these options. These documents include government reports, minutes of parliamentary debates and committees from the House of Commons and Senate, transcripts of official speeches and Canada's submissions to the World Trade Organisation (WTO) that relate to the split-run dispute. Specifically, analysis of Committee transcripts focused on the minutes of the proceedings of the Standing Committee on Canadian Heritage, the Standing Senate Committee on Transport Communications and the Standing Committee on Foreign Affairs and International Trade throughout 1998-1999. Through this analysis a group of stakeholders was identified. These transcripts were also used to identify Canada's role in the development of the INCP, the extent of political and stakeholder involvement and the role of the Canadian government various departments in supporting Bill C-55

and the INCP. Additional documentation from the INCP including speeches and reports was assessed to determine the mission, vision and objectives of the international body on cultural diversity.

Second, a number of AIRs were made to the Department of Canadian Heritage regarding interaction between the government and various stakeholder groups involved in policy development in relation to the split-run dispute. Selection of the stakeholders was based on identification of key players from published government transcripts and included the Association of Canadian Advertisers (ACA) and the Institute of Canadian Advertisers (ICA), select publishers, the Canadian Magazine Publishers Association (CMPA), the Canadian Business Press (CBP) and the Sectoral Advisory Group on International Trade (SAGIT). AIRs were made with the intention of validating allegations of a special relationship between the government and select publishers uncovered in analysis of House of Commons and Committee transcripts. Specifically, information was requested pertaining to government consultation of private sector interests in the development stages of Bill C-55 with publishers and advertisers. Additionally, information relating to stakeholder involvement in the Canada-U.S. bilateral negotiations relating to the split-run dispute was requested. These requests were made following preliminary AIR findings that publishers may have had access to confidential information regarding these closed-door negotiations.

Every effort has been made to provide details of the AIRs in Appendix A and documentation cited in Appendix B to enable others to request the same documents. While a comprehensive collection of data was requested pertaining to the role of various stakeholders representing numerous factions throughout the development of the legislative proposals, the collection of data returned is at the discretion of the DOCH. However, it is assumed that if the same AIRs were submitted, the same collection of data would be returned and the same conclusions would be drawn. To facilitate any future requests that may reflect AIR documents cited in this dissertation, copies of AIR documents referred to throughout this dissertation, referenced in Appendix B, have been scanned and are included on the attached CD-ROM.

Third, a number of unstructured interviews were conducted in 2004 with politicians and key stakeholders in the split-run dispute to provide additional context in this

study.⁴⁸ The de facto interviewee selection process aimed to represent private sector stakeholders from both the advertising and publishing camps and senior bureaucrats involved in the consultation process as identified through the transcripts of the House Standing Committees pertaining to Bill C-55 throughout November 1998, in addition to the Minister of Canadian Heritage at the time.⁴⁹ Interviewees include former Minister of the DOCH Sheila Copps, Ronald Lund (President of the Association of Canadian Advertisers), Ken Purchase (Lang Michener, legal council for the Association of Canadian Advertisers), officials from the Canadian government including Bruce Stockfish, Jeff Richstone and Allan Clarke, and Anne McCaskill (trade consultant acting on behalf of the Canadian publishers). Other key stakeholders in the debate were contacted with requests for interviews, including John Tory, formerly of Rogers Communication; Francois de Gaspé Beaubien, formerly of Transcontinental Media; Inky Mark, MP; and representatives from *Time Canada* but these parties did not make themselves available for comment. Additionally, one interviewee made him/herself available on the condition of anonymity. This interview was conducted in confidentiality. The name and professional capacity of the interviewee are withheld by mutual agreement.⁵⁰ In total, 17 interviews were requested with 8 interviews conducted. One additional, informal interview was conducted with Barbara Motzney, Canadian representative of the INCP, in the initial stages of research (2000) to gain a further understanding of the INCP and its structure.

While these interviews added candid, anecdotal context to the findings presented in this dissertation, the information provided does not act as sole evidence to any of the conclusions of this dissertation. Thus, the lack of interviews with members of the opposition parties or publishers does not jeopardise the validity of the findings presented in this dissertation. Further, all information gained through the interviews was validated through other research strands, mitigating the risk of drawing conclusions from unsubstantiated assertions or personal biases. More information on the selection of interviewees, dates of interviews and the interview schedule can be found in Appendix C.

⁴⁸ The term 'unstructured interview' is explained in Babbie, *The Practice of Social Research*, 293.

⁴⁹ For more on the de facto interviewee selection process, see Babbie, *The Practice of Social Research*, 292.

⁵⁰ University of Chicago Press, *The Chicago Manual of Style*, 15th ed. Chicago: The University of Chicago Press, 2003, 706 (section 17.206).

1.1.2 Quantitative Analysis

The quantitative analysis presented in this dissertation is comprised of five elements. First, advertising revenue was analysed to determine the impact of split-runs on the Canadian publishing market. Second, financial reports from major Canadian publishers were assessed to understand the impact of split-run competition and the Canadian Magazine Fund on profits. Third, Statistics Canada data relating to Canada's cultural industries was assessed to determine the economic relevance of the sector to the Canadian economy. Fourth, election contributions throughout the 1990s were assessed to determine patterns of stakeholder contributions. Fifth, raw World Value Survey data was analysed for a 30 year period to identify patterns of convergence or divergence in Canadian and American values and perception and behaviour.

First, the Leading National Advertisers (LNA) generously provided collated data on a six-year trend of advertising revenue and pages of advertising per Canadian publication for the period January 1998 through to December 2003. This data was analysed to determine the compound growth of each periodical on both an annual basis and for the period as a whole. It was then aggregated to determine the overall impact on the parent company (i.e. Rogers or Transcontinental publishing). The data supplied is included in Appendix D.

Second, financial reports of the major publishers was assessed to determine the impact of split-run competition and the Canadian Magazine Fund on profits in the sector. Financial reports from Canada's largest publishers, Rogers and Transcontinental, were analysed for the years 2000 – 2003 to understand the impact of the 1999 bilateral agreement permitting split-run entry competition for Canadian advertising on the Canadian periodical industry. The 2000 reports also include data from 1999, to provide a data set for the first 5 years of foreign competition for Canadian advertising revenue. Further, Government spending through the Canadian Magazine Fund supplements these figures to illustrate the transfer payments from the Government to the publishers in the wake of the bilateral agreement.

Third, Statistics Canada data relating to GDP, employment, and trade of cultural goods and services throughout the 1990s was assessed to determine the economic relevance of the sector to Canada. This data is presented in Chapter 5.

Fourth, annual contributions to each political party for the period 1991 to 2001 were obtained through Elections Canada's on-line database. This data was analysed to further determine the nature of the relationship between the government, publishers and advertisers involved in the split-run dispute. Contributions from professional bodies, advertisers, publishers and their subsidiaries involved in the split-run dispute were identified to determine an aggregated annual donation total by parent company to each political party. It is important to note that at the time Elections Canada required reporting of political donations of \$100 or more. However, donations of less than \$100 are not expected to be significant enough to influence results of this analysis.

Fifth, Canadian and American raw World Value Survey data from 1981 to 1999 was assessed to determine the extent of observable behavioural and ideological convergence on a national level given extensive Canadian exposure to American cultural products throughout this period. Comparable data from 1981, 1991 and 1999 was analysed for the periods 1981, 1991 and 1999. The analysis of the World Values Survey Data is included in Appendix E, including an outline of the methodology applied for statistical analysis. The findings of this analysis are substantiated by quantitative studies including Adams' presentation of long-term data, Grabb and Curtis's analysis of World Value Survey data over a shorter time frame, and data collected and presented by EKOS.⁵¹ The findings of this analysis provide the basis of the evaluation of the Canadian government's justification of protectionist cultural policy presented in Chapter 8.

1.1.3 Presentation of Sources

Throughout each of the research streams outlined above, every effort was made to ensure comprehensive, unbiased data was obtained and each component could be replicated by others as necessary. The results of the analysis are presented in the preceding chapters with cross-referencing among the various collections of data to support the results and conclusions. Due to the nature of these findings versus the anticipated results at the outset of the analysis in addition to the various data feeding into the results, it is assumed the data provides a reliable basis for the conclusions drawn throughout the following chapters.

⁵¹Michael Adams, *Fire and Ice: The United States, Canada and the Myth of Converging Values* (Toronto: Penguin, 2003); Edward Grabb and James Curtis, *Regions Apart: The Four Societies of Canada and the United States* (Canada: Oxford University Press, 2005); EKOS Research Associates Inc., "Part I: Values and Identities in North America," EKOS/PPF Symposium - Rethinking North American Integration, The Sheraton Center Toronto Hotel, June 18 2002, EKOS, <http://www.ekos.com/admin/articles/1191%20Identity.pdf>, (accessed April 27, 2007).

Given the number of primary sources referenced throughout this dissertation, a footnote style of referencing has been applied following the Chicago Manual of Style (CMS) for notes.⁵² Accordingly, the first footnote reference includes the entire citation whereas subsequent references only include the author's last name, the title of the work, and the page number where relevant.⁵³ In one case, two different prints of the work are cited in this dissertation (Gellner, *Nations and Nationalism*), with subsequent references including the publication year in addition to the author and title to distinguish which version is being cited.

Many electronic resources were used throughout this dissertation, with a link to the webpage provided in the first full citation of each reference. References for government documents include information as per the National Archives Canada. Consequently, in some cases references include the phrase [electronic resource] as per National Archives Canada.

Footnote references to primary sources obtained through AIR also include the note "See Appendix B, Ref ###". This points the reader to the corresponding table reference in Appendix B, where the reader can find the file name to access a scanned copy of the documents on the attached CD.

The bibliography is split into two sections to allow readers to identify the distinction between primary references secondary sources.⁵⁴ Headings and a brief explanation are provided in the bibliography to provide distinction between these two sections.

1.2 Framework

The structure of this dissertation begins with a theoretical analysis of the relevance of popular cultural products in the modern nation state and an analysis of the Canadian nation state and its application of cultural policy as a tool of nationalism. This is followed by the core of the dissertation, comprised of three chapters, each dedicated to the exploration of one of the three hypotheses relating to potential alternative motivators driving Canadian cultural policy, and a normative chapter assessing the impact of long-term exposure to foreign cultural products on Canadian

⁵² University of Chicago Press, *The Chicago Manual of Style*, Chapter 17.

⁵³ University of Chicago Press, *The Chicago Manual of Style*, 594, 603-604.

⁵⁴ University of Chicago Press, *The Chicago Manual of Style*, 613-614.

social behaviour and national identity. A summary of the findings and their ramification on the legitimacy of the state is presented in the Conclusion.

This study begins with an analysis of the theoretical relationship between cultural industries and nationalism, first from a more generalised theoretical perspective and then focussing on the Canadian example. Chapter 2 outlines the role of cultural products in the cultivation and promotion of national unity, legitimacy of the state and national continuity within the context of the modern nation state. This chapter also addresses the changing role of cultural goods within a technologically advanced, increasingly globalised context focussing primarily on Billig's concept of banal nationalism in both a national and global context. This is followed by an outline of the categorisation of Canada as a nation state in Chapter 3 before addressing the role of cultural policy as a tool of nation building within this context. After presenting this high level overview of the application of cultural policy in Canada, Chapter 3 concludes with an outline of the perceived association of periodicals as a tool of Canadian nationalism and a historic overview of Canadian periodical policy leading up to the split-run magazine dispute.

The case of the split-run magazine dispute is introduced in Chapter 4, with an outline of the circumstances leading to a WTO tribunal, the consequent proposed legislative solutions introduced by the Canadian government, the American counter-response, the outcomes and the key players involved.

The empirical research of the dissertation is presented in evaluation of the three hypotheses regarding the role of alternative motivations driving protectionist legislative solutions in response to the split-run magazine dispute. The focus of Chapter 5 is the hypothesis that 'protectionist cultural policy is economically motivated based on the increasing economic relevance of cultural industries in a knowledge-based economy'. The analysis presented in this chapter focuses on determining if continued protection of cultural industries is really an attempt to protect the revenue and growth of an increasingly lucrative sector as Canada focuses on shifting to a skilled, service oriented economy in a globalising world.

Chapter 6 focuses on the second hypothesis that 'stakeholder interests and political relationships are the motivating factors driving protectionist cultural policy in an era of trade liberalisation'. This chapter presents the allegations of a special relationship between the DOCH and select stakeholders raised throughout the split-run

magazine dispute before investigating the validity of these allegations. The content of this chapter is therefore concentrated on stakeholder involvement in the development of Canada's legislative response to the WTO ruling, the bilateral agreement and the consequent introduction of a subsidy programme for the publishing industry to determine the impact of the relationship between cultural products, nationalism and stakeholder interests in a globalising world.

The third hypothesis, that 'protectionist cultural policy is related to other government initiatives, notably foreign policy objectives, on a broader scale' is the focus of Chapter 7. This hypothesis is investigated through an analysis of the relationship between the government's response to the split-run dispute and the redefinition of Canada as a foreign policy objective, focussing on the political motivations of implementing protectionist cultural policy despite international pressure to liberalise trade of cultural goods.

Based on arguments throughout the split-run magazine dispute regarding the increasing relevance of cultural industries to national identity that are presented in the preceding chapters, one must question the actual impact of imported cultural products on the domestic audience. The Canadian government has consistently linked cultural products to national identity and has historically been wary of the negative effect of excessive exposure to American cultural products on Canadian national identity. Accordingly, Canadian national identity should show evidence of convergence with the United States as American cultural products are the primary cultural product available to the Canadian citizenry. Referring to Lipset's findings which undermine this position, Chapter 8 challenges the premise of the Canadian government's traditional defence of protectionist cultural policy and determining if there is evidence of behavioural or ideological convergence between Canada and the United States.⁵⁵ Using the World Value Survey data, Canadian and American perspectives are examined regarding a number of social variables over a 15-year period to determine if there is an evident shift in convergence or divergence between the national identity and social behaviour given increased Canadian exposure to American cultural products. The findings are compared to recent statistical analyses comparing Canada to the United States to provide an overview of historic impact of prolific exposure to foreign cultural products on national identity.

⁵⁵ See for example, Lipset, *Continental Divide*; Lipset, *North American Cultures*.

The findings of the analysis are brought together in Chapter 9 to determine the motivating factors driving the development of protectionist cultural policy in response to the split-run magazine dispute. The impact of these findings on the legitimacy of the Canadian state is also presented in this final chapter.

Chapter 2: The Theoretical Link Between Cultural Goods and Nation

As cultural policy and protectionist measures sheltering domestic cultural industries from increased global competition are called into question in an era of globalisation, Canada has consistently defended its position on nationalist grounds. Political defence of cultural policy has pointed to the inherent relationship between exposure to domestic cultural goods and national identity as justification for protecting the sector and refusing to negotiate trade of cultural goods and services in international trade agreements. However, as cultural products become increasingly commoditised, both globally and domestically and as nation states continue to survive despite increasing exposure to foreign cultural goods and services, one must question the basis of cultural protectionism.

This chapter aims to identify the nationalist ideology underlying protectionist cultural policy in order to fully understand the context of its defence and allow for a comprehensive evaluation of this ideology. Specifically, the theoretical relationship between retaining a unique cultural identity and national identity must be understood. This in turn requires consideration of three main theoretical concepts. First, the theoretical concept of the nation must be understood in the context of this study. Second, the role of cultural products within the nation must be understood as it forms the basis of the political defence of protectionist cultural policy. Third, the relationship between culture and the state in a globalising world must be understood to determine the impact of globalisation on cultural nationalism and, consequently, the nation state.

2.1 The Nation

There are many concepts of nationalism and the origins of the nation, however, for the purposes of this study, the nation is understood to be a product of modernity, developing in conjunction with industrial development and modern technological innovation. Accordingly, the development of the nation is historically tied to the industrial era, in that it is interminably linked to technology, mass dissemination of information, progress and economic growth.

As Hobsbawm argues, nations exist in the context of a particular state of technological and economic development and are therefore conceptually modern in that the nation state “belongs exclusively to a particular, and historically recent

period”.⁵⁶ The nation developed after the French Revolution to meet the requirements of modernity. As such, it is the product of “the specifically modern conditions of capitalism, industrialism, bureaucracy, mass communications and secularism.”⁵⁷ Further, Anderson argues that the capability of uniting linguistically or ethnically diverse populations into a modern nation is specifically tied to capitalism and print technology.⁵⁸ Equally, Gellner claims nationalism can only exist within the modern context: “nationalism is a very distinctive species of patriotism, and one which becomes pervasive and dominant only under certain social conditions, which in fact prevail in the modern world and nowhere else.”⁵⁹ Accordingly, it is only within the context of modernity that the foundation of the nation, industrialism and sustainable economic progress can exist, as, above all, the modern nation is dependent on an engaged citizenry actively participating in society.

According to Strange, the modern nation is a response to modern capitalism, as the market economy could not function without a political framework.⁶⁰ Equally, the political framework of the modern nation was reliant on national identity and loyalty.⁶¹ This is supported by Smith’s identification of five tenets of nationalism as a modern concept.⁶² First, Smith contends that the world is divided into nations, each with its own character and destiny. Second, the nation is the source of all political power and loyalty, and loyalty to the nation should supersede all other loyalties. Third, that to be free, individuals must identify with a nation. Fourth, that to be authentic, each nation must be autonomous. Fifth, that for peace and justice internationally, nations must be free and secure. The three fundamental national ideals that flow from these principles are national identity, national unity and national autonomy, with cultural products playing a crucial role in realising these ideals that are specific to the modern era.

Finally, Gellner argues the culture of nationalism is distinctly different to that of previous eras in that it has progressed from a series of untamed, disorganised folk cultures and inherited traditions to a highly organised, deliberately manufactured

⁵⁶ Eric Hobsbawm, *Nations and Nationalism Since 1780* (United Kingdom: Cambridge University Press, 1991), 10.

⁵⁷ Antony D. Smith, *Nations and Nationalism in a Global Era* (Great Britain: Polity Press, 1995), 29.

⁵⁸ Anderson, *Imagined Communities*, 46.

⁵⁹ Ernest Gellner, *Nations and Nationalism* (London: Blackwell Publishers, 1983), 138.

⁶⁰ Susan Strange, *The Retreat of the State: The Diffusion of Power in the World Economy* (Cambridge: Cambridge University Press, 1996), xii.

⁶¹ Strange, *The Retreat of the State*, xii.

⁶² Anthony D. Smith, *National Identity* (London: Penguin, 1991), 74.

culture accessible to the entire citizenry with the aim of achieving specific goals.⁶³ Gellner claims the nation is reliant on the continued active participation of its citizens, which, prior to the industrial era, was not experienced due to the inability to disseminate information throughout the citizenry. Consequently, the nation must provide the citizen with the tools required to engage in a nationalist context, and must therefore develop an educated citizenry with a shared common culture, a common history, shared goals for the future, and a common desire to self-rule.⁶⁴ This necessitates not only a set of common laws throughout the state, but also social institutions in the form of education and national infrastructure to facilitate the incessant drive of economic sustainability.⁶⁵ Each of these criteria in turn is dependent on the development of a national identity based on the tools of modernity. These tools of modernity, Hobsbawm argues, facilitate mass dissemination of a common message: "standard national languages, spoken or written, cannot emerge as such before printing, mass literacy and hence, mass schooling."⁶⁶

Thus, the nation as a modern concept is reliant on national identity, national unity and national autonomy, and in turn, reliant on a loyal, participatory citizenry sharing a degree of commonality.

2.2 Culture in a Nationalist Context

The importance of culture in the context of nationalism must not be underestimated. It is widely believed that the citizenry is united through culture, that the nation state is legitimised to and by the citizenry through a shared culture, and culture ensures the continued existence of the nation state. Within this context, the meaning of the word culture can be understood to include the "artistic and creative expression of symbolism; mores, manners and customs; ethnicity; and the social behaviour of distinguishing groups."⁶⁷ The following sections examine the relevance of both high and popular forms of culture to nationalism by focussing on three main elements of the role of culture in the nation. First, the premise that culture is essential to developing and sustaining a cohesive national population with a shared understanding of the nation state they participate in is outlined. Second, the role of culture as a key component of state legitimacy will be considered. Third, the premise that culture ensures the continuity of the state, promoting a common

⁶³ Gellner, *Nations and Nationalism* (1983), 51-52.

⁶⁴ Gellner, *Nations and Nationalism* (1983), 39, 89.

⁶⁵ Gellner, *Nations and Nationalism* (1983), 110-120.

⁶⁶ Hobsbawm, *Nations and Nationalism Since 1780*, 10.

⁶⁷ Ostry, *The Cultural Connection*, 12.

national goal and acting as a catalyst for citizens to work together for a common purpose will be further examined.

2.2.1 The Role of Culture in National Unification

Culture is a fundamental aspect of the nation in that it acts as a unifying component of the nation state, forming the basis of a shared understanding of the context of nationalism that ripples throughout the citizenry. This cultivation of a shared understanding is manufactured from both a top-down and bottom-up approach and, according to the political defence of cultural policy, is an essential element to the nation state, especially in a geographically and ethnically fragmented country such as Canada.

Hobsbawm argues that cultural tradition is deliberately invented, manufactured and applied as a tool of the state to disseminate the concept of the 'nation' and to foster attachment to it.⁶⁸ These "invented traditions" serve to unite the national community, securing cohesion despite the fragmentation and disintegration of existing agrarian cultures caused by rapid industrialism.⁶⁹ They are characterised by three key elements: the development of a national education system, the invention of public ceremonies and the mass production of public monuments or symbols. Smith adds to this argument, contending culture is specifically developed within the national context to unify the population and create a shared sense of belonging;

In the civic model, where the nation is regarded as a territorialized community of citizens bound by common laws and a shared public culture and civil religion, the nationalist drive is to unify the citizen community in its national territory around a set of shared symbols, myths and memories and fuse it with an identifiable culture community... the result is to reinforce and strengthen the ideal structures of the national state and its conflation with a popular national identity.⁷⁰

Thus, according to Smith, the common purpose of invented traditions within the nation is to "arouse in the citizens a national consciousness and generate a national will."⁷¹ This argument is echoed in political defence for cultural policy as culture is seen as a unifying force within the nation in a global era, developing a cohesive national consciousness that allows individual citizens to associate with fellow domestic citizens despite geographic, cultural or linguistic cleavages while differentiating from foreign citizens.

⁶⁸ Hobsbawm, *Nations and Nationalism Since 1780*, 91-92.

⁶⁹ Hobsbawm, *Nations and Nationalism Since 1780*, 91-92.

⁷⁰ Smith, *Nations and Nationalism in a Global Era*, 111.

⁷¹ Smith, *Nations and Nationalism in a Global Era*, 155-156.

Benedict Anderson (1991) also focussed on the impact of shared experiences on the consciousness of the individual citizen but did so from a grass roots level. Anderson noted that prior to mass dissemination of uniform cultural messages the nation failed to exist, in that print capitalism made it possible for rapidly growing numbers of people to think about themselves and to relate themselves to others in “profoundly new ways.”⁷² Anderson claimed the nation is an ‘imagined political community’, with cultural goods playing a fundamental role in the imagining at the level of the individual. Accordingly, the nation is reliant on the individual’s imagining of key criteria, which are only possible to visualise in the age of modernity. First, the individual must imagine themselves in the context of other citizens of the nation - despite never meeting every other citizen each member of the nation can imagine the presence of the population as a whole. Second, the nation must be imagined as limited, as one nation with distinct territorial boundaries in the context of a world of nations. Third, the nation must be imagined as being sovereign, or free. Finally, the nation must be perceived as a community, as a form of comradeship regardless of the actual politics within the nation state.⁷³

Further, in its representation of simultaneous mass consumption, Anderson argues domestic culture, in the form of both ‘high culture’ and popular cultural goods, acts as an adhesive for the citizenry in three key areas. First, mass produced cultural goods, such as a periodical or novel, depict the nation in a common, accessible format, reiterating the imagined community to the reader through a common use and understanding of language, setting, values and, perhaps most importantly, through necessitating imagining. Second, the common linguistic basis of mass produced print is a key element to the development of a national consciousness. It allows people to identify with others on the basis of linguistics, enabling identification with fellow readers who were previously not within the conscious realm of the individual, facilitating the “nationally imagined community”.⁷⁴

Third, mass-produced cultural goods reiterate the concept of the nation through simultaneous consumption. Anderson exemplifies this point in relation to daily newspapers, in that the individual citizen will read the daily newspaper either in the morning or the evening, aware that other citizens are reading the name newspaper and digesting the same stories simultaneously. In this way, the individual citizen is sharing an experience with other citizens, of whom he is aware despite never having

⁷² Anderson, *Imagined Communities*, 36.

⁷³ Anderson, *Imagined Communities*, 6-7.

⁷⁴ Anderson, *Imagined Communities*, 44.

met each and every one of them.⁷⁵ The newspaper, in this example, also serves as a reassurance that the imagined community exists externally to the individual's perception in that the individual will see others reading the paper, witnessing evidence of a shared experience with others within the community. Further, this shared experience binds the population together despite a series of otherwise differentiating factors, such as provincial identities, linguistic diversity or social variations. In this way, Anderson argues, the imagined becomes real, "creating that remarkable confidence of community in anonymity which is the hallmark of modern nations."⁷⁶

Through continual reminders to the individual of the national context and a shared identity, popular cultural goods act as both an instigator and as a reassurance of the concept of the imagined community upon which nationalism is reliant. Thus, popular cultural goods serve to unify the citizenry through the daily imagining of the national context combined with the reinforcement of this environment through state-level authentication in the form of civil ceremonies and tangible reminders of the nation. Therefore, popular cultural products are an element of the development of a cohesive national unit through national identification and assimilation.

2.2.2 The Role of Culture in National Legitimacy

The second element of culture in the context of the nation is related to authentication of the legitimate distribution of power and rights within the nation. According to Strange, legitimacy of power within the nation state confirms the individual citizen's recognition of state authority as the ultimate power, engendering a sense of loyalty to the state from the individual.⁷⁷

Consequently, as Barker argues, the nation state is dependent on the recognition of its authority, of the identification and acceptance of its power over the citizenry:

A stable relationship between the legitimation and identification of citizens and the legitimation and identification of rulers is a feature of working democracies, where people are able to feel an identification between their own expressed selves and those of their rulers.⁷⁸ (2001: 120).

Without this identification of the right to authority by national rulers and of unity between the ruler and the ruled, the power of the nation falls into question, potentially provoking dissent and ultimately undermining the nation state.

⁷⁵ Anderson, *Imagined Communities*, 35.

⁷⁶ Anderson, *Imagined Communities*, 36.

⁷⁷ Susan Strange, *The Retreat of the State*, 71.

⁷⁸ Rodney Barker, *Legitimizing Identities* (United Kingdom: Cambridge University Press, 2001), 120.

Barker also argues the national leader must be perceived to represent distinct national values thereby legitimating the nation as separate and distinct from other nations and ideologies. Barker claims the power of nationalism lies in this differentiation, both culturally and from a leadership perspective, from other nations which are identified as separate and distinct from the nation.⁷⁹

Culture therefore acts as the vehicle for garnering this national identification and authenticity, engendering a sense of authentication of authority from the citizen and loyalty to the nation above others. In this way, cultural nationalism binds the citizenry together to form a cohesive unit that is differentiated from other nations and therefore willing to remain separate and distinct from other nations. Further, Barker argues mass dissemination of national imagery and messages forges a relationship between the rulers and the individual citizen while suppressing secessionist movements.⁸⁰

Therefore, national legitimacy is a delicate balance of iterating state authority while ensuring the individual citizen recognises this authority as an extension of their national identity. Barker elaborates this point, arguing successful governors are those who portray themselves in a manner that sustains their own legitimation and identification, or rather those with whom the citizenry attaches the idea of representing legitimacy.⁸¹ Breuilly further elaborates on the relevance of culture to national legitimacy, noting national representation not only justifies the political context of the state to the citizenry, but also to external agents including rival nations.⁸² Thus, according to Breuilly, the nation state has a requirement for a political ideology movement which appeals to its citizenry and require a popular forum in which to portray this political legitimacy.⁸³ Rather, state legitimation occurs in popular forums and group interaction, such as “the street, the newspaper, the cinema, the radio, the television or the internet.”⁸⁴ As such, popular culture within the nation is the vehicle used to impose national legitimacy not only within the nation, but also outside it, to enforce the legitimacy of the nation state internationally.

⁷⁹ Barker, *Legitimizing Identities*, 121.

⁸⁰ Barker, *Legitimizing Identities*, 123.

⁸¹ Barker, *Legitimizing Identities*, 119.

⁸² John Breuilly, *Nationalism and the State* (Great Britain: St. Martin's Press, Inc., 1982), 62.

⁸³ Breuilly, *Nationalism and the State*, 61.

⁸⁴ Barker, *Legitimizing Identities*, 107.

Within the parameters of nationalism, culture plays an essential role in legitimising the state, both through garnering support for the ruler and through facilitating individual identification with the national context in which they participate. Both these functions are crucial to the nation in legitimising its authority and its existence.

2.2.3 The Role of Culture in National Continuity

The third element of cultural nationalism is the premise that culture ensures the continuity of the nation, promoting a common national goal and acting as a catalyst for citizens to work together for a common purpose.

Within the context of modernity, the ethos of the nation state requires a cultural shift from an agrarian style community dependent on individual skills to a more homogenised skill set. The skills needs of the modern citizen are based on the ability and inclination of continuous production combined with the desire for constant consumption to ensure the economic cycle is not broken. It is essential, therefore, that culture diverges from its organic predecessors and becomes a cultivated normative high culture specifically created within the parameters of the industrial nation state to ensure it meets the requirements of the nation, in addition to a popular culture capable of transmitting national messages once formal education has been completed. As such, both high and popular culture within the modern nation redefine class structures, social acceptability and social value while also creating the means for economic production and a capable workforce.

Within the context of nationalism, Gellner argues a high culture must be developed around specific criteria aimed at nurturing the environment and manufacturing the citizenry upon which its existence is dependent. First, “high” culture is responsible for the development of a national citizenry focussed on achieving specific goals and must instil a degree of common understanding of those goals throughout the nation.⁸⁵ The ‘industrial man’ must be borne to exist within the parameters of cultural homogenisation. As Gellner argues, the industrial nation requires the creation of an equally economically focussed industrialised citizenry bred to exist specifically within the parameters of the nation, and unable, or more importantly, unwilling, to survive outside that context.⁸⁶ This manufactured citizen must be bred with reliance upon the functioning and continuity of an environment driven by economic progress and modernity and instilled with an aversion to the agrarian lifestyle ruled by folk culture that preceded it. Further, the citizen must have a

⁸⁵ Gellner, *Nations and Nationalism* (rev. ed, 2006), 50.

vested interest in national continuity, economic, technological and cognitive progress.

Second, the nation is reliant on high and popular culture to manufacture a mobile, interchangeable citizen who can easily fit into the production cycle to ensure economic continuity. The citizenry must be instilled with a common ambition oriented around cognitive progress and economic sustainability, motivating continued participation in national production and consumption. For example, while a state education system will equip the citizenry with these tools, they are theoretically maintained throughout the citizenry by exposure to popular cultural goods. Further, the nature of industrial progress requires easily re-trainable individuals to succeed in the context of an innovative society. To achieve these goals, the industrial society necessitates the development of a common language to facilitate communication throughout the nation state. A common language allows for a mobile and interchangeable workforce able to effectively communicate with and to be substituted for one another. It also allows citizens to understand and conform to the legal parameters of the society. This in turn dictates the necessity of a common education system teaching the national dialect so members of the population can interact and understand one another. It also ensures citizens are capable of communicating easily with one another, performing standard procedures and can exercise a degree of technical competence in a standardised manner consistent with the skills requirements unique to industrial societies.⁸⁷ A national education system teaches discipline and rules, preparing children for the disciplinary requirements of employment and citizenry. It eliminates the specialisation and dialectical differences found in the agrarian society, removing social dependence on the individual. Consequently, in the modern nation all individuals have experienced the same basic academic processes, have the same knowledge base and similar social expectations, ensuring individuals are working for a common ideal both in terms of private and civil expectations. Thus, according to Gellner, the national education system is of utmost importance, justifying and necessitating state involvement to ensure a high level of standardisation through the population:

Culture is no longer merely the adornment, confirmation and legitimation of social order which was also sustained by harsher and coercive constraints; culture is now the necessary shared medium, the life-blood or perhaps rather the minimal shared atmosphere, within which alone the members of the society can breathe and survive and produce. For a given society, it must be one in which they can *all* breathe and speak and produce; so it must be the *same* culture. Moreover, it must now be a great

⁸⁶ Gellner, *Nations and Nationalism* (1983), 51.

⁸⁷ Gellner, *Nations and Nationalism* (1983), 51.

or high (literate, training-sustained) culture, and it can no longer be a diversified, locality-tied, illiterate little culture or tradition.⁸⁸

National education further unifies the citizenry by offering a shared experience, further homogenising the population while securing its economic future. Above all else, the education system controls the nation's destiny as it prepares the nation's citizenry for action, instils national values and ensures wilful participation in the civil and economic functioning of the nation. Consequently, the education system takes on a new level of importance in the national context: "The monopoly of legitimate education is now more important than, more central than is the monopoly of legitimate violence".⁸⁹

Third, nationalism requires individual participation and identification with both the high culture and other citizens to prevent dissenting factions resulting in development of a rivalling cultural nationalism. The manufactured citizen must be bred with an aversion to any form of diversity threatening to undermine the social and economic continuity of the nation. Although some degree of interpersonal or ethnic diversity is tolerated, the citizen is taught that any form of extremism diverges from the national goal and must be abandoned. Thus, to be effective the nation must break down many historic class and cultural divisions to produce a social state promoting participation by ensuring some degree of equality for all citizenry through the implementation of an indiscriminate rule of law.

The role of culture in the nation is therefore to ensure the population has a common element throughout it – a common understanding of goals, a common linguistic and educational standard and the development of a common workforce and loyal citizenry not only to promote progression and economic sustainability but also to ward off civil unrest and rival nationalisms. To do this requires application of not only high culture, such as a state education system, but also popular culture which adults are exposed to once formal education is completed. Thus, cultural nationalism is essential in a country such as Canada as it serves to discourage dissenting factions through the creation of an economically secure nation with shared experiences, fostering identification with the nation.

2.3 Folk Culture

In examining culture as it relates to nationalism, it is essential to note that folk cultures continue to exist in addition to a national high culture and popular culture.

⁸⁸ Gellner, *Nations and Nationalism* (1983), 38.

⁸⁹ Gellner, *Nations and Nationalism* (1983), 34.

Although some national cultures are closely linked with or include some aspects of folk culture, the nature of folk culture is inherently different from the requirements of a structured national culture created specifically for cohesive and economic purposes. Folk cultures can continue to exist within the nation to some extent through regional or ethnic groups, but do not challenge the national culture until they become purposefully organised with the intention of building a nation, promoting a language and value system. Folk cultures only pose a threat to the national culture when they are constructed as national cultures in their own right. A folk culture, through its stories and traditions may add to the national culture, but will not undermine it due to its disorganisation and lack of common appeal. The national culture instils national allegiance in the citizenry through the education and legal systems, thereby undermining the development of folk cultures with the potential to change into a rivalling national culture. Effective national cultures therefore instil such allegiance that the level of organisation required for the transformation of a folk culture to a rival national culture would be difficult. Accordingly, the existence of one or more anthropological cultures within the nation does not threaten its existence, whereas the nation cannot continue with more than one normative culture affecting its progress.⁹⁰

However, as nations and technology progress, folk culture has transformed into popular culture, focussing on mass cultural appeal and achieving dissemination on national levels. As a result there are difficulties separating popular culture from national culture, with national governments (such as Canada) including privately owned, manufactured popular culture in their perception of cultural nationalism.⁹¹ Consequently, the power, control and messages relayed through popular culture adopt a new significance given the hypothesis that popular culture is linked to nationalism.

2.4 Banal Nationalism

By these means popular ideologies could be both standardized, homogenised and transformed, as well as, obviously, exploited for the purposes of deliberate propaganda by private interests and states... However, deliberate propaganda was almost certainly less significant than the ability of the mass media to make what were in effect national symbols part of the life of every individual, and thus to break down the divisions between the private and local spheres in which most citizens normally lived, and the public and national one.⁹²

⁹⁰ Gellner, *Nations and Nationalism* (1983), 34.

⁹¹ The Canadian case is outlined in more detail in Section 3.2.

As the industrial nation has moved into the post-industrial, technology based nation, so too have the parameters of national culture and the relevance of peripheral folk cultures. Industrialism corresponds to technological development, facilitating national development through the products of modernity, such as the printing press and the coaxial cable, instigating mass cultural production, availability and access to cultural ideas. The development of film, radio and television in addition to advances in telecommunications have facilitated the development of effective tools uniting elements of national unification, national community, legitimacy and continuity of national culture in media. These advances enable mass production and distribution of cultural goods, resulting not only in advanced dissemination of the national high culture, but also resulting in private sector development of slick, stylised popular culture with national appeal.

Although popular culture is a private sector commodity created specifically for mass appeal and economic gain, Billig argues that popular culture plays an essential role in national continuity and identity by reflecting the nation to the population.⁹³ As such, it continues national education where the formal state school system ends. Using language, geographical prompts and storylines set within a national context the audience is constantly receiving subliminal national messages which reiterate the national context and reaffirm national values and goals.

Claiming that distinctions between national identity and folk cultures have become blurred in the technological age, Billig outlines the concept that popular culture, the modern day folk culture, plays a crucial role in the nation state. Echoing Anderson, Billig argues the nation is dependent upon the context of nationality created through constant reminders of the national parameters, with popular culture acting as a form of subliminal national advertisement to the citizen.⁹⁴ Building on Gellner's argument that life outside the nation must be inconceivable to the individual citizen, Billig argues the nation state is dependent on popular culture to transmit constant reminders to the citizenry of the parameters in which they live, thereby creating the illusion that it is a natural environment rather than a manufactured state. In doing so, popular cultural goods present nationalism as the social norm, abolishing the awareness of previous forms of society while instilling the belief that it is the only desirable form of social order.⁹⁵ Thus, according to Billig's theory, the nation is

⁹² Hobsbawm, *Nations and Nationalism Since 1780*, 141-142.

⁹³ Billig, *Banal Nationalism*, Chapter 5.

⁹⁴ Billig, *Banal Nationalism*, Introduction.

⁹⁵ Billig, *Banal Nationalism*, 13-14.

dependent on popular culture to constantly reaffirm this unwavering support, preventing the citizenry from questioning national parameters:

Not only is the past forgotten, as it is ostensibly being recalled, but so there is a parallel forgetting of the present... national identity in established nations is remembered because it is embedded in routines of life, which constantly remind, or 'flag' nationhood. However, these reminders, or 'flaggings', are so numerous and they are such a familiar part of the social environment, that they operate mindlessly, rather than mindfully.⁹⁶

Largely, the daily illustration of the nation, its geographic location and relationship with other nations is found in the minute daily social habits of a society which are reflected in books, newspaper, radio and other media. These subliminal reminders frame the nation but consciously are so familiar the individual does not register them.⁹⁷ Accordingly, the representation of the state to the nation has become such a seamless, constant presence that it is unnoticed from one leader to the next, from one influence to the next, from one day to the next. The discourse is so banal that the population does not register its acceptance or participation as a conscious choice – national identity appears, like the state, to be a continuous entity, requiring neither conscious consideration nor evaluation. Consequently, as Bell explains, the citizenry becomes so immersed in the national culture that they fail to recognise it, and accept as given the day-to-day identity or functioning of a nation.⁹⁸

Through the constant barrage of national 'flags' saturating the omnipresent popular culture, Billig claims, nationalism becomes a mindless, unregistered, accepted norm. The television drama set in a courtroom reminds citizens of the national justice system, rule of law and legitimacy of power within the state. Articles written in newspapers or magazines remind the citizen of social values, the role of the citizen, and again reaffirm state legitimacy. The daily news reiterates both the national and global environment through local, national and international sections, further emphasising the context of the imagined community. The process is indiscernible. National identities and a sense of nationalism are recreated through accessible, widely consumed popular culture which consistently flags the nation.

Popular culture has thus allegedly become an essential element to the nation state in the form of books, sporting events, newspapers, film, television and so on. Books and newspapers depict a nation's past and its current values, describing the current

⁹⁶ Billig, *Banal Nationalism*, 38.

⁹⁷ Billig, *Banal Nationalism*, 8.

⁹⁸ David V. J. Bell, *The Roots of Disunity* (Ontario: Oxford University Press, 1992), Introduction.

state of the nation and setting the context of the nation in a world of nations.⁹⁹ News outlines nationalist distinctions through newscasts which draw parallels between 'our' nation and 'others', mentioning 'our neighbours', the 'nation's allies' and so on, without having to reference these roles or relationships – they are so common citizens know what is meant or thought. As Billig argues, sports events are laden with references to a national collective in terms such as 'us' and 'our' team, manufacturing national heroes.¹⁰⁰ Popular media flags the nation using cultural idiosyncrasies, value statements, the depiction of good and evil, heroes and villains and the overwhelming portrayal of national stereotypes, not only of the domestic nation but also of rival nations, often presenting domestic superiority while highlighting the inferior qualities in simplified stereotypes of other nationalities. The stereotypes portrayed set an example of national ideals, exemplifying national values, 'normal' and acceptable behaviour within the parameters of the nation state, what lifestyle to try to attain and what the citizen should be striving to achieve on a personal basis. In this manner, a television program, a newspaper, a magazine, film and radio cease to be merely an hour of entertainment; they become a marketed lifestyle, a cultural concept that can be purchased and integrated into the real world.

Further, this view dictates that popular culture cannot be separated from national culture or the nation – they are intertwined to such an extent that popular culture now represents an essential component of the nation. According to this perspective, every aspect of popular culture constantly conveys messages of nationalism, national traditions, and national foundations. Popular culture is, in essence, a national infomercial.¹⁰¹ Billig argues the constant reaffirmation of nationalism and the subtle placement of national icons in popular culture is done in such a manner and with such frequency that they become subliminal, resulting in a banality that prevails throughout the nation. Rather, the nation is flagged daily in the lives and actions of the citizenry, resulting in nationalism becoming the "endemic condition" rather than an "intermittent mood in established nations."¹⁰²

Accordingly, it is feared that without this constant reminder the nation may cease to exist or become weakened. This perspective assigns a new level of power to popular culture, perceiving it as an incredibly relevant and increasingly powerful component of nationalism based on its ability to alter national perception and affect

⁹⁹ Bell, *The Roots of Disunity*, Introduction.

¹⁰⁰ Billig, *Banal Nationalism*, 119-126.

¹⁰¹ Max Wyman, *The Defiant Imagination* (Vancouver: Douglas and McIntyre, 2004). 5.

¹⁰² Billig, *Banal Nationalism*, 6.

public opinion. Consequently, as Acheson and Maule point out, popular culture and the actors involved have assumed an exceptional level of power because of “the importance of ideas and opinions in the political process” and their ability to impact political popularity and citizen perception of government legitimacy.¹⁰³ Thus, the importance of the role of popular culture is judged to be of increasing relevance to nationalism due to the subliminal flaggings and nationalist messages widely consumed by a passive audience.

2.5 The Impact of Globalisation on Cultural Nationalism

New technologies and communications and the emergence of international media corporations, among other factors, have generated cultural flows whose stretch, intensity, diversity and rapid diffusion exceed that of earlier eras. Accordingly, the centrality of national cultures, national identities and their institutions is challenged.¹⁰⁴

The nature of the relationship between popular culture and the nation, it is argued, takes on a renewed importance in a global setting. As trade liberalisation breaks down barriers and technology facilitates global production and dissemination of cultural products, popular culture is exchanged on a global level. This poses problems for the nation state as its citizens are increasingly exposed to other nations as the speed and volume of international cultural exchange is rapidly increasing, exposing citizens to imported flagging to an overwhelming extent. As popular media becomes increasingly globalised, so too do the messages it transmits, resulting in a reduction of national flagging in popular culture in favour of homogenised national flaggings to ensure mass appeal and maximum economic return.

Billig acknowledges this trend, questioning if imported media flagging a different or globally homogenised national concept poses a risk to national identity. Rather, in a globally exchanged popular culture, the flagging usually depicts a homogenised setting or the nationality of the producer, notably the global cultural presence of the United States. Consequently, the flagging of America is transmitted to a global audience through various channels including film, television, print and music, but in such an overt manner the flagging of America is taken for granted. As a result, the subliminal daily flaggings of a foreign nationalism replace the flaggings of the domestic nation state. Returning to Billig’s theory of banal nationalism, the international messages relating to American nationalism are so prevalent and so

¹⁰³ Acheson and Maule, *The Culture of Protection and the Protection of Culture - A Canadian Perspective in 1998*, 18.

frequent that the individual receiver becomes impervious, lackadaisical to their exposure to American flagging:

In routine practices and everyday discourses, especially those in the mass media, the idea of nationhood is regularly flagged... through such flagging, established nations are reproduced as nations, with their citizenship being unmindfully reminded of their national identity... at the same time... the global nationalism of the United States is flagged across the world.¹⁰⁵

Despite the extent of American flagging dominating popular media, global consumers often fail to consider the consequences of vast exposure to such messages, while national governments are only too aware of the effect. Billig notes the symbols of the United States are coming to be recognised as universal symbols.¹⁰⁶ As a result, it is argued crucial domestic nationalist images are not being disseminated or received by the citizenry, eroding domestic national identity and resulting in global cultural convergence.

Ohmae succinctly positions cultural convergence in a historical context, arguing the main difference between the state of the nation and nationalism today as opposed to even 50 years ago is that, regardless of cultural participation, political structure or geographic location, people have access to shared information. Consequently, the individual can access information on other groups of people, their consumer preferences, and the lifestyle they aspire to, and can align their ideology to that of the group they wish to join.¹⁰⁷ An underlying consequence highlighted by the Canadian Institute of International Affairs is that citizens “acquire false perceptions” of the nation.¹⁰⁸

Ohmae further argues that this increased exposure to other nations fragments the domestic nation and divides the population by highlighting differences that segregate the state while presenting specialised focus groups on a global level to which individuals relate. Consequently, proponents of domestic protection of cultural industries argue foreign cultural exposure undermines the nation as citizens become disenfranchised with their national culture in favour of associating with common interest groups on a global scale.¹⁰⁹ The result of this convergence is a

¹⁰⁴ Held and others, *Global Transformations*, 328.

¹⁰⁵ Billig, *Banal Nationalism*, 156.

¹⁰⁶ Billig, *Banal Nationalism*, 11.

¹⁰⁷ Kinichi Ohmae, *The End of the Nation State* (New York: The Free Press, 1995), 15.

¹⁰⁸ Canadian Institute of International Affairs, “Culture Sans Frontieres: Culture and Canadian Foreign Policy”, Report of the CIIA Foreign Policy Conference, November 2000, p. 4.

<http://www.igloo.org/ciia/download/Library/ciialibr/national/national/culturef> (accessed April 27, 2007).

¹⁰⁹ Ohmae, *The End of the Nation State*, 15.

decline in national power. National unity gives way to fragmentation while separatist movements and social differences, once overlooked, become prevalent.

Consequently, Billig argues the increase in separatist movements within formal nation states in the latter half of the twentieth century is attributed to exposure to rival nationalisms.¹¹⁰

Billig further follows this line of defence, attributing the breakdown in national cultural unity because of exposure to and competition with other identities which undermine national loyalty.¹¹¹ According to this argument, the dominance of imported culture threatens national identity as nations face challenges from both external and internal forces, resulting in some relinquishment of power as the nation must redefine itself within the context of global alignments and partnerships on one level and sub-national communities of the other. According to Bernier and Helene, this prompts rise of cultural legislation on the basis of protecting national identity, as the preservation of diversity of cultural expression is perceived as the preservation of cultural diversity itself, and thus, the preservation of national values in the face of foreign values.¹¹²

Consequently, the extent of political involvement in national identity is shifting. The nation is no longer solely concerned with culture as it relates to educating a workforce, promoting the perpetual continuity and production of industrialism, or the resulting economic gain of developing an effective and efficient workforce. Instead, governments are now concerned with culture as it relates to magazine articles, publishers, the nationality of the author, the location of a photo shoot, the origin of a film or television programme, the nationality of actors, or where the album was recorded and who wrote the lyrics to this week's 'number one'.

2.6 Is the Influence of Imported Popular Culture Overestimated?

Based on this increased presence of foreign culture within the nation, citizens are increasingly exposed to flaggings of foreign nation states while the domestic nation is limited in its opportunities to flag itself. Based on the continued existence of the nation state despite increased exposure to flaggings of foreign nations, one must enquire if the influence of imported culture and its messages is being over-

¹¹⁰ Billig, *Banal Nationalism*, 133.

¹¹¹ Billig, *Banal Nationalism*, 133.

¹¹² Ivan Bernier and Ruiz Fabri Helene, "Evaluation of the Legal Feasibility of an International Instrument Governing Cultural Diversity", study prepared on behalf of the France-Québec Working Group on Cultural Diversity, France-Québec Working Group on Cultural Diversity, Québec City, 2002, http://www.mcc.gouv.qc.ca/diversite-culturelle/pdf/106145_faisabilite.pdf (accessed April 27, 2007), 23

estimated. Returning to the three main elements of the role of culture in the nation outlined above, it is important to understand the impact of increasing foreign cultural exposure on national identity and in turn on national unity, legitimacy and in inspiring national continuity.

In examining the first premise that culture is inherent to the nation in creating an imagined community with distinct cultural symbols, rituals and values in the context of a world of nations, it appears that exposure to foreign cultures reiterates this concept rather than undermining it. Rather, exposure to foreign cultures appears to support Anderson's criteria of the imagined community, reinforcing the concept of the nation as existing within a world of nations and, although allowing the individual citizen to identify commonalities with individual citizens in other nations, highlights national idiosyncrasies that differentiate the domestic nation from others. As Morely (2006) argues, when cultural goods are imported into new contexts they are assembled and re-assembled in different and new combinations within the context of the new environment.¹¹³ Therefore, as both Rutherford and the Special Joint Committee Reviewing Canadian Foreign Policy have argued, this mass exposure can serve to foster a common social ethos which can act as a national bond.¹¹⁴ To elaborate further, exposure to other nations' traditions, symbols and rituals can be argued to reiterate the domestic nation's cultural uniqueness. For example, despite some elements of cultural similarities among nations, Gellner cites that each nation and subsequent culture has been predicated by its own unique history which cannot be assumed, accepted or negated fully by any other culture or nation.¹¹⁵ As a result, a universal convergence of cultural norms is not, in fact, a reality or a practical concept to entertain. It can be argued the citizen remains committed to the homeland, drawing a distinction between a unified 'us' as opposed to those from other countries. The very concept of 'foreign' continues to prevail. Rather than being absorbed by a homogenised foreign culture that breaks down barriers and reclassifies individual groupings, the nation state continues to exist, continually flagged through its absence on an abstracted level.

Second, the impact of increased exposure to foreign culture on state legitimacy is somewhat tenuous. Although foreign culture often depicts common elements of

¹¹³ Morely, "Globalisation and Cultural Imperialism Reconsidered: Old Questions in New Guises", 35-37.

¹¹⁴ Paul Rutherford, *The Making of the Canadian Media*, 102; Canada, Parliament, Special Joint Committee Reviewing Canadian Foreign Policy, *Canada's Foreign Policy: Principles and Priorities for the Future*, Allan MacEachen and Jean-Robert Gauthier, Joint-Chairs (Ottawa: Public Works and Government Services Canada, 1994), 7.

nation states and the legitimacy of power, including liberty, legal equality and pluralism as constituting the major structural commonalities of English-speaking societies, it can be argued that exposure to foreign media serves to erode the domestic nation's legitimate hold on power.¹¹⁶ However, claiming exposure to foreign media as the sole cause of national dissention does not appear to be a substantiated claim. Instead, the legitimacy depicted in nations in foreign cultural representations portrays significant traits, which, by their very nature, are common throughout all nation states to varying degrees. According to Gellner, national cultures, by their very definition, must resemble each other to some extent.¹¹⁷ Thus, they must implement some degree of common dialect and a shared cognitive base, if merely to fulfil the basic requirements of industrial society. Further, nations must institute some form of civil law to maintain order to create an environment conducive to economic production. Therefore, regardless of origin, the conceptual message even in foreign cultural goods is the same as it would be in domestic cultural goods. The national icons of state legitimacy being flagged are similar whether they are national legal systems, criminal procedures, or a criminal act, with each being understood and relevant within the national context regardless of the origin of the cultural product. As nation states have some degree of commonality, the audience can relate to the national context being depicted in film, television and books; leaders and legal systems are recognised, social values and daily customs are identified with despite national idiosyncratic differences. The context of power and the state in foreign media is therefore easily interpreted in that the flag may be a different colour, but its meaning is widely understood by all, regardless of nationality.

Finally, a defining criterion of national identity is inspiring national continuity through the production of a highly literate workforce with a standard skill set and cognitive base capable of playing an active role in the incessant production, innovation and economic cycle of the nation.¹¹⁸ As a result, the education system in which the individual is trained becomes the nation's most valuable asset. Despite the global context of imported films, television, pop music, literature and Internet access representing a never-ending stream of popular culture, these fundamental elements of nationalism have not changed. Regardless of the white noise in a global society, the citizen still relies on their national education to function in the nation state and to

¹¹⁵ Gellner, *Nations and Nationalism* (1983), 56-58.

¹¹⁶ For more on structural commonalities of English-speaking societies, see Grabb and Curtis, *Regions Apart*, 50.

¹¹⁷ Gellner, *Nations and Nationalism* (1983), 117.

¹¹⁸ Gellner, *Nations and Nationalism* (1983), 120.

learn the social context in which he or she is expected to live. The nation state still ultimately controls the education, civil and economic systems and the requirements of the national high culture continue to be to produce a homogenised, disciplined workforce. Exposure to foreign cultures therefore does not undermine the domestic nation as the tools required for national continuity and progression, namely control of the national education system, remain within the power of the domestic state.

Therefore, on a theoretical level exposure to foreign media arguably will not have a detrimental effect on the nation despite increased exposure to the flagging of foreign nations. Instead, flagging of foreign nations serves to reiterate the context of the domestic nation, reinforcing the notion of state legitimacy and power.

2.7 Summary

The sovereign nation state is dependent on both high culture and popular cultural goods to form the foundation of national identity through 'flagging the nation', allowing the individual to imagine the community in which they are a part; to legitimise the nation state and to engender national continuity through stability, industrial production and economic growth. Without the social foundations of a standardised linguistic, cognitive and disciplinary nature developed through the national education system, the nation would cease to exist. Equally, it is argued that exposure to national messages portrayed through popular cultural goods is a component of maintaining national identity, identity upon which national continuity is dependent. Rather, once the nation is developed, it is reliant on daily flaggings and recreation of the national context. As Billig states, daily the nation is recreated in the minds of the citizenry through subliminal national reminders such as symbols, rituals and national distinctions as simple and everyday as the 'national' section of the newspaper.¹¹⁹ Again, the relevance of this national flagging is magnified in a country such as Canada, which is uniting a diverse, fragmented population in a large geographically diverse territory.

As nations have progressed, so too have technology and communication, allowing for the mass dissemination of foreign popular culture throughout society. Through foreign cultural goods, the domestic citizenry is exposed to 'flaggings' of other nations. Although this has generated a degree of concern within the nation state, consistent exposure to mass flaggings of foreign nations cannot be persuasively argued to result in the erosion of the national culture in that the foreign flaggings

¹¹⁹ Billig, *Banal Nationalism*, Chapter 5.

serve to further conceptualise the domestic nation. Specifically, there are arguments demonstrating that it is the consumer of cultural goods who constructs the meanings and value judgements associated with the experience rather than the producer as consumers have the power to “elicit their own meaning from a cultural product.”¹²⁰ Thus, regardless of the depiction of a foreign nation in film, television, periodicals or literature, the audience can arguably relate to the storyline or articles through the same nationalist kaleidoscope in which they interpret their daily lives. The flaggings of foreign cultures can therefore serve to further enable the imagining of the national community by demarcating the nationalist context within which the individual exists, distinguishing foreign nations from the domestic nation in the mind of the citizen, further uniting the national citizenry by allowing the individual to identify specific characteristics unique to the domestic nation. It can be argued foreign flaggings also serve to reiterate the legitimacy of the nation in an abstract manner, depicting the nation state as a social norm around the world, each with a head of state and civil society which, although different in detail, the individual citizen can relate to ideologically. Finally, exposure to foreign culture arguably does not serve to undermine the continuity of the nation state in that foreign culture does not replace the entrenched social cultural elements such as the formal national education system of the nation state. Rather, the national context depicted in any popular culture is familiar to international audiences as nations have some degree of common framework.

Despite these findings, nation states such as Canada maintain their argument that continued mass exposure to foreign culture undermines national identity. Thus, one must question the real impact of mass exposure to foreign popular culture on national autonomy and identity by determining if imported popular culture really is detrimental to the nation as politicians and stakeholders would have the public believe, or if too much power and relevance has been attributed to the banal flaggings found in imported popular culture.

¹²⁰ Friesen, *Citizens and Nation: An Essay on History, Communication and Canada*, 190.

Chapter 3: Culture and National Identity in Canada

This chapter begins with an explanation of the classification of Canada as a nation state. This is followed by an outline of the government's perception and application of cultural policy as a tool of nationalism in three key areas: uniting a fragmented population, resisting American cultural imperialism and projecting Canada abroad. The focus of the chapter is then turned to the role of cultural policy specifically as it relates to magazines, providing an overview of protectionist cultural policy in the Canadian periodical sector.

3.1 The Canadian Nation State

The study and analysis of Canadian nationalism can be categorized into three conflicting theoretical perspectives. In the first category, Canada is perceived as a multinational state comprised of competing nations and nationalisms. In the second, Canada is perceived as a state lacking a national component altogether. Finally, in the third category, Canada is perceived as a nation state. The first two classifications will be briefly examined in this section before turning to the third classification which is applied throughout this dissertation. After positioning Canada as a nation state, this section concludes with an evaluation of challenges facing the Canadian nation state which result in cultural nationalism.

First, there is a school of thought which limits classification of the nation state to states inhabited by a single ethnic and cultural population, the boundaries of which are commensurate with the boundaries of the state.¹²¹ According to this definition, nation states are comprised of one nation within the state, and only one state for the specific nation.¹²² As such, this definition excludes any form of polyethnic or heterogeneous state from being classed as a nation state. For example, Smith points to only a handful of countries such as Japan, Portugal, Iceland and Denmark which meet these criteria of a nation state.¹²³ In contrast, Smith categorizes multicultural states, such as Canada, as a national state, defined as "a state legitimated by the principles of nationalism, whose members possess a measure of national unity and integration (but not of cultural homogeneity)."¹²⁴ Within the national state, a polyethnic population is united and integrated through civic membership and individual recognition of the governance structure, rights and

¹²¹ Smith, *Nations and Nationalism in a Global Era*, 86.

¹²² Anthony D. Smith, *Nationalism* (Great Britain: Polity Press, 2001), 17.

¹²³ Smith, *Nations and Nationalism in a Global Era*, 86.

¹²⁴ Smith, *Nationalism*, 17.

duties of citizens and state within a specified territory.¹²⁵ According to this definition, Canada fits the criteria of a national state based on its heterogeneous and multi-lingual population, governed by an overarching federal governance structure.¹²⁶

Second, scholars such as George Grant have categorised Canada as a state lacking a national component altogether, alleging the country is merely representative of the imperialistic influences first of Britain and then of America.¹²⁷ This perspective is contentious, as Canada does exemplify national elements. For example, Cook argues Grant's notorious 'Lament for a Nation' focused on the lack of a spiritual unity transcending the Canadian population rather than on the country's political or constitutional unity.¹²⁸ Again, this second definition denies Canada status as a nation state because it lacks a single spiritual component that applies to all citizens.

However, it is contentious to restrict the definition of the nation state to a homogenous linguistic, ethnic and religious populous as other definitions of the nation state are not as prescriptive. Thus, Gellner's claim that "homogenous cultures, each of them with its own political roof, its own political servicing, are becoming the norm"¹²⁹ only adds to the ambiguity surrounding the nation state. Gellner himself conceded that despite its elusiveness, "culture" was left undefined, and is not necessarily limited to linguistic or ethnic homogeneity.¹³⁰ In fact, Ostry claims the term culture is "notoriously ambiguous," leaving the application of the term to political culture rather than linguistic or ethnic culture.¹³¹ Consequently, Armour suggests that "culture' need not be homogenous, but rather must represent common ideals held by its members.¹³² Giddens, for example, defines the nation as a citizenry bound by a set of common laws and a shared territory rather than limiting categorization of the nation to linguistic or ethnic homogeneity.¹³³ In response, Yack restricts the definition of civic nationalism to a community of individuals who have consciously chosen to live in an environment governed by specific, agreed upon

¹²⁵ Smith, *Nations and Nationalism in a Global Era*, 97.

¹²⁶ Smith, *Nations and Nationalism in a Global Era*, 86.

¹²⁷ Studies asserting that Canada lacks a national component, include for example Peter Brimelow, *The Patriot Game* (Toronto: Key Porter Books Ltd., 1986); George Grant, *Lament for a Nation: The Defeat of Canadian Nationalism*, Reprinted in Carleton Library Series 205 (1965; repr., Canada: McGill-Queen's University Press, 2005).

¹²⁸ Cook, *The Maple Leaf Forever: Essays on Nationalism and Politics in Canada*, 53.

¹²⁹ Gellner, *Nations and Nationalism* (rev. ed. 2006), 45.

¹³⁰ Gellner, *Nations and Nationalism* (rev. ed. 2006), 42.

¹³¹ Ostry, *The Cultural Connection*, 10.

¹³² Armour, *The Idea of Canada and the Crisis of Community*, 139.

principles.¹³⁴ Contrasting definitions of what a nation state is therefore leaves the categorisation of Canada open to interpretation. Consequently, this dissertation adopts a holistic conception of Canada as a heterogeneous nation state within a demarcated territory united through civic institutions.¹³⁵

This classification is based on Cook's definition of the nation state versus the nationalist state.¹³⁶ Cook defines the nation state as a legal, political concept which seeks to protect the individual regardless of cultural or national affiliation. As such, the nation state is culturally plural and encourages the co-existence of multiple ethnies within one territory or governance structure.¹³⁷ In contrast, Cook outlines the nationalist state as one in which multiple ethnies may live but the ideological behaviour of one dominant group is imposed upon the other groups.¹³⁸ Accordingly, the vertical mosaic model of Canada fits the criteria of the nation state while the melting pot approach of the United States is representative of the nationalist state.

This approach to the nation state is substantiated by the application of Giddens' identified parameters of a nation state. In particular, Giddens associates the nation state with an overarching set of civic "institutional forms of governance maintaining an administrative monopoly over a territory with demarcated boundaries."¹³⁹ Further, Giddens states that this unifying administrative governance structure is the fundamental component of the nation rather than nationalist sentiment.¹⁴⁰ Within the Canadian nation state, the federal governance structure has been deliberately designed to indiscriminately apply to all Canadians regardless of linguistic, ethnic or ideological claims. As such, the federal governance structure of Canada, represented in the Charter, the Constitution and federal political institutions, replaces the need for a sense of ethnic "Canadian-ism." Instead, Canadian nationalism is perceived as "accepting a set of values about citizenship and

¹³³ Giddens, *Social Theory and Modern Sociology*, 171; Giddens, "The Nation as Power Container," in *Nationalism*, ed. John Hutchinson and Anthony D. Smith (Great Britain: Oxford University Press, 1994) 35-36.

¹³⁴ Yack, Bernard, "The Myth of the Civic Nation." *Critical Review* 10.2 (1996), 193-194.

¹³⁵ This is based on Cook's work in the following, as is detailed in the remainder of this section of Chapter 3: Cook, *Canada, Quebec and the Uses of Nationalism*; Cook, *The Maple Leaf Forever*; Ramsay Cook, *The Teeth of Time: Remembering Pierre Elliott Trudeau* (Canada: McGill-Queen's University Press, 2006).

¹³⁶ Cook, *The Maple Leaf Forever*, 5-6.

¹³⁷ Cook, *The Maple Leaf Forever*, 5-6.

¹³⁸ Cook, *The Maple Leaf Forever*, 5-6.

¹³⁹ Giddens, "The Nation as Power Container," 34.

¹⁴⁰ Giddens, *Social Theory and Modern Sociology*, 172.

government” with politics at the centre of the state’s normative structure.¹⁴¹ Morton further supports Giddens’ perspective, categorising Canada as a modern nation state endeavouring to “allow two cultures to flourish in one political nationality.”¹⁴² This common set of civic values presents the shared Canadian experience based on a political unity that respects heterogeneity throughout its federal composition, binding the citizenry through federal values, institutions and governance regardless of ethnicity or linguistic affiliation.¹⁴³ Further, as Cook outlines, Canada’s federal system is especially significant for French Canadians as it allowed for a provincial government of their own to protect their French heritage, language and tradition of civil law while also offering the opportunity to participate at a federal level.¹⁴⁴

Both Cook’s and Trudeau’s advocacy of the Canadian nation state unified by an overarching collection of federal institutions and formal protections of a polyethnic citizenry is based on Acton’s historical ideology.¹⁴⁵ Within this context, the importance of nationalism is reduced while the role of the nation state becomes paramount. Cook outlines the role played by the nation state as follows:

The nation state serves the practical purpose of organising groups of people into manageable units and providing them with services which they need and which they can share: a railway, a medicare program, a publicly owned broadcasting system, an art gallery, an experimental farm, a manpower retraining program, a guarantee of equality for linguistic rights.¹⁴⁶

Each of these elements is evident in Canada’s civic infrastructure, from the initial development of the TransCanada railroad and highway, to current federal investment in and management of national infrastructure. Canadian society has a strong foundation of state sponsored health and education programs, transportation networks, and cultural infrastructure such as galleries, museums, a national broadcasting system and a national film board. Protection of its citizens is exemplified in Canada through the Charter of Rights and Freedoms, established under Trudeau, which specifically protects the rights of the individual, including their right to ethnic, religious or linguistic association without fear of persecution.

The categorisation of Canada as a nation state is further based on Cooks’ application of Lord Acton’s influential conception of Canada as a modern *civic* nation

¹⁴¹ Arvind Rajagopal, "A Nation and Its Immigration: The USA After Sept 11," in *Media and Cultural Theory*, ed. James Curran and David Morley (Great Britain: Routledge, 2006), 79.

¹⁴² W. L. Morton, *The Canadian Identity*, 2nd ed. (Canada: University of Toronto Press, 1972), 3.

¹⁴³ Cook, *The Teeth of Time*, 160.

¹⁴⁴ Cook, *The Maple Leaf Forever*, 71.

¹⁴⁵ For more on the influence of Acton on Cook and Trudeau, see for example, Cook, *The Maple Leaf Forever*, 6; Cook, *The Teeth of Time*, 15.

hosting a myriad of ethnic and linguistic nationalisms or 'cultural collectivities.'¹⁴⁷ These collectivities include, but are not limited to: aboriginals, provincial separatists, provincial and regional nationalists and a variety of linguistic and ethnic communities which could arguably be perceived as nations in their own right.¹⁴⁸ Under the umbrella of the Canadian federal state, numerous nationalist factions exist, some of which are content to remain within the context of Canada while others, such as the Quebec separatist movement, represent dissenting factions. Consequently, Cook observes the distinction of Canada as a nation state has too often been overlooked or overshadowed by larger debates regarding nationalism in Canada focusing on these dissenting factions, such as debates around Quebec separation or bilingualism.¹⁴⁹ These factions are part of Canada's history of individuals developing their own 'nationalism' of class or ethnic unity, leading Cook to observe that, in this sense, Canada has had "too much nationalism".¹⁵⁰ Rather, Cook contends that these nationalist debates relating to Quebec sovereignty or to the attempt to distinguish one group from others as "special" or "distinct" are counterintuitive to the goal of equal rights to all within Canada regardless of ethnic, linguistic or religious affiliation.¹⁵¹

The negative impacts of these groups imposing themselves on others have plagued Canada's past and have, in the end, been overruled by pluralism. Despite nationalist uprisings of different ethnic or linguistic groups, Canadians, by and large, continue to choose pluralism over nationalism, resisting the imposition of one ethnic or linguistic culture over others. As Cook points out, while nationalists in Canada have sought power to redefine the country in their own image, their success has been limited as the "country stubbornly refuses" to exchange pluralism for "a straight-jacket identity."¹⁵² Instead, "A nation state", Cook argues, "is a political and juridical concept which seeks to protect the individual and collective rights of its inhabitants without reference to cultural or national ideological claims."¹⁵³ Thus, within Canada's multicultural framework, citizens can demonstrate a multitude of ethnic, religious or linguistic affiliations and still be Canadian. Further, these identities are not mutually exclusive. As Cook points out, "one does not have to be

¹⁴⁶ Cook, *The Maple Leaf Forever*, 8.

¹⁴⁷ Cook, *The Maple Leaf Forever*, 6.

¹⁴⁸ Montserrat Guibernau, *Nations without States: Political Communities in a Global Age* (Great Britain: Polity Press, 1999), 3, 4, 83-88.

¹⁴⁹ Cook, *The Maple Leaf Forever*, 6.

¹⁵⁰ Cook, *The Maple Leaf Forever*, 7.

¹⁵¹ Cook, *The Maple Leaf Forever*, 7.

¹⁵² Cook, *The Maple Leaf Forever*, 205.

¹⁵³ Cook, *The Maple Leaf Forever*, 5-6.

one thing or another.”¹⁵⁴ This perspective is echoed by Henighan’s overview of Canada’s diversity as a fundamental component of its identity: “The Canadian sense of nationhood is perhaps stronger than many think. It is not contradicted by but rests on, I believe, local, regional and provincial experience, the experience of many diverse groups that look from their diversity to the overriding fact of Canada.”¹⁵⁵ Instead, Canadian citizens’ identities can be developed around a myriad of various ethnic and linguistic identities in addition to local, regional and national identities. Further, Cook attributes his notion of the nation state to Acton’s concept of being “free of conformist nationalist ideology”, maintaining cultural pluralism as opposed to superimposing a homogenising ethnic or linguistic nationalism on the populous.¹⁵⁶ Ultimately, Canada fits the definition of the nation state.¹⁵⁷

Within Canada, the federal government acts as a unifying shared experience transcending ethnic and linguistic differences throughout the state. Regardless of the myriad of linguistic and ethnic groups represented in Canada’s multicultural population, every Canadian is equally protected by the Canadian Constitution and the Charter of Rights and Freedoms. Further, the Charter has applied to every Canadian despite Quebec’s refusal to ratify the Constitution in 1981. For example, throughout Constitutional debates Quebec has sought recognition as a distinct society. This recognition has been met with resistance at both federal and provincial levels as Quebec was not seeking mere recognition as a distinct society. Rather, it was also seeking the provision of extra jurisdictional powers which would distinguish it from the other provinces. As Trudeau noted, this distinction would change the equal status of citizens throughout all provinces, turning Canada into a nationalist state by giving one culture a different set of rights than others. Trudeau voiced his protest, claiming “we must have common values common to all Canadians.”¹⁵⁸ Twenty years after the introduction of the Charter as part of the Canadian Constitution, the vast majority of Canadians agreed. In 2002, 88% of Canadians perceived the Charter positively while 91% of Quebec’s population perceived the Charter positively.¹⁵⁹ These statistics further support Cook’s allegation that

¹⁵⁴ Cook, *The Maple Leaf Forever*, x.

¹⁵⁵ Henighan, *The Presumption of Culture*, 141.

¹⁵⁶ Cook, *The Maple Leaf Forever*, 7.

¹⁵⁷ Cook, *The Maple Leaf Forever*, 6.

¹⁵⁸ Pierre Elliott Trudeau, interviewed by Barbara Frum, “Frum questions Trudeau on his criticism of the Meech Lake Accord,” The CBC Digital Archives Website, Canadian Broadcasting Corporation, 4:10 – 5:18 min and 26:45 – 27:32 min. http://archives.cbc.ca/arts_entertainment/media/topic/368-2083/ (accessed December 27, 2007).

¹⁵⁹ Environics – Centre for Research and Information on Canada, February, 2002, quoted in Canada, Privy Council Office, “The Canadian Charter of Rights and Freedoms at Twenty: The Ongoing Search for Balance Between Individual and Collective Rights; Notes for an Address by the Honourable

nationalism in Canada is pursued by a select few and resisted by the majority. Further, while the Government of Canada did recognize Quebec as distinct, it has continued to apply the same Constitutional and Charter rights to the Canadian population regardless of regional, ethnic or linguistic affiliation.¹⁶⁰

The Canadian nation state, Morton argues, is based on combining two national communities and a number of cultures into one citizenship and allegiance.¹⁶¹ Morton further elaborates on this perspective by stating that the civilised nation is one of heterogeneity.¹⁶² Thus, it is feasible for Canada to be classed as a nation state, where the political roof is the federal system overseeing provincial, regional, ethnic and linguistic divisions, as it provides a shared experience through the Charter. Therefore, recognition of more than one official language in the Constitution and the protection of polyethnicity within the Charter do not undermine Canadian nationalism, but rather formalise the heterogeneity upon which the Canadian nation state is based. As Cook notes, "Trudeau and the federal government adopted the view that language was a tool of communication that was separable from culture in a nation state that nurtured diversity rather than homogeneity."¹⁶³ This is reflected by Trudeau's declaration in the House of Commons that: "We believe that cultural pluralism is the very essence of Canadian identity."¹⁶⁴

Finally, the Canadian nation state is centred on political legitimacy in having a participatory citizenry which recognises the federal government as a legitimate political institution.¹⁶⁵ Despite debates between various nationalist factions which often appear to monopolise the Canadian political arena, the civic nation state continues to function successfully, unifying the population through a shared experience, an imagined community and banal flaggings. As outlined in Chapter 2, the self-perpetuating banal flaggings of the modern civic nation encompass a history of shared experiences as well as emphasizing daily acceptance and participation of

Stephane Dion, President of the Privy Council and Minister of Intergovernmental Affairs," Director's Forum, Woodrow Wilson International Center for Scholars, Washington D.C., April 2, 2002. http://www.pco-bcp.gc.ca/aia/index.asp?doc=20020402_e.htm&lang=eng&page=archive&sub=speeches (accessed February 12, 2008).

¹⁶⁰ Canada, Department of Justice Canada, "Canada's System of Justice," (Ottawa: Communications Branch, Department of Justice Canada, 2005).

<http://www.justice.gc.ca/en/dept/pub/just/img/courten.pdf> (accessed February 12, 2008).

¹⁶¹ Morton, *The Canadian Identity*, 122.

¹⁶² Morton, *The Canadian Identity*, 122.

¹⁶³ Cook, *The Teeth of Time*, 134.

¹⁶⁴ Pierre Elliot Trudeau, Canada, Parliament, House of Commons, Debates [Hansard], Oct. 8, 1971, as found in Lipset, *Continental Divide*, 28.

the Canadian context, refuting Yack's contention that civic nations such as Canada are absent of "a cultural inheritance" of common memories and practices.¹⁶⁶ Through a series of political institutions, invented traditions and daily flagging of the Canadian nation state at a federal level including simple national symbols ranging from the flag and national currency to universal health care, a Canadian identity is continually fostered through political institutions. These fundamental elements of Canadian nationalism including the Charter, the Canadian social, education and health care systems, in addition to federal institutions, serve to unite the population despite various cleavages. They do so by constantly recreating the myth of the nation, or Anderson's concept of the imagined community discussed in Chapter 2, through Billig's concept of banal reminders.¹⁶⁷ Further, as Brimelow highlights, Canada has a distinct identity that spans across the country, providing a distinct, if somewhat "delicate Canadian" character firmly rooted in a distinct form of civilisation.¹⁶⁸ Thus, Brimelow, while noting the influence of French Canadian attitudes on a national level, describes fundamental elements of the Canadian identity. Specifically, Brimelow highlights the Canadian attitude towards the state, authority and political mores.¹⁶⁹ Each of these elements consistently differentiates Canadians from their neighbour, as is illustrated through the statistical analysis in Chapter 8 of this dissertation. Further, Rutherford argues Canadians largely differentiate themselves from Americans in terms of governance with Canadians assuming a brand of ideological superiority while the United States is perceived to lack "an effective moral authority."¹⁷⁰

However, despite the manufacturing of Canada as a nation state, the government has wavered under the reality of a fragmented identity stemming from its commitment to heterogeneity and the ongoing challenge of American imperialism which is certainly an imagined threat if not always an practical one.

First, Canada's commitment to polyethnicity has arguably rendered a Canadian national identity in the traditional sense (i.e. evolving from linguistic or ethnic homogeneity) problematic, with critics arguing the lack of a traditional nationalist ideology undermines Canada's identity. Specifically, Bissondath is critical of Canada's multiculturalism, arguing the lack of a strong centralist national identity

¹⁶⁵ Gellner, *Nations and Nationalism* (rev. ed. 2006), 43.

¹⁶⁶ Yack, 208.

¹⁶⁷ As discussed in Chapter 2, see Anderson, *Imagined Communities*; and Billig, *Banal Nationalism*.

¹⁶⁸ Brimelow, *The Patriot Game*, 161.

¹⁶⁹ Brimelow, *The Patriot Game*, 161.

¹⁷⁰ Rutherford, "Made In America: The Problem of Mass Culture in Canada", 261.

evokes 'uncertainty as to what and who is Canadian' and results in a 'diminished' sense of Canadian values or of what it means to be Canadian.¹⁷¹ Further, Henighan argues the uncertainty evoked by multiculturalism is exacerbated in an era of technological development, globalisation, and shifting powers which serve to undermine national ideology.¹⁷² This uncertainty is arguably compounded by nationalist debates by dissenting factions within Canada as debates surrounding Quebec gain both national and international attention.

Second, Canada has internalised its identity issues through angst relating to imperialism, first from Britain and then from the United States. Despite Canada's distinguishing features of "a more ordered, stable society" a non-revolutionary past combined with the differentiating social system and a parliamentary system as opposed to the presidential system, Canada continues to worry about cultural imperialism from the United States.¹⁷³ Despite fundamental ideological differences, the Canadian government continues to point to threats to Canadian nationalism posted by the United States, including the close proximity of the Canadian population to the border, resulting in access to cultural overflows, a shared language for a large proportion of the population and a similar historical past. Add to these pressures the components rendering Canadian national identity somewhat tenuous, such as regional, ethnic and linguistic fragmentation and the Canadian government becomes fearful of American cultural imperialism as a real threat to the Canadian nation state.

Consequently, Canada has a history of internalising its concern with national identity through the application of cultural nationalism. Cultural nationalism is described by Hutchinson as a complex of individuals with equal rights within the community which respect natural divisions, including gender, spiritual or ethnic differences who live within a civic polity united by common laws.¹⁷⁴ Canada unites its citizenry through political institutions imposing a common rule of law while also encouraging the right to retain social, ethnic or spiritual differences within a polyethnic nation of inclusion. In this manner, Canadian cultural nationalism is a departure from previous models, as it does not emphasise the "re-creation of a distinctive national civilisation."¹⁷⁵

¹⁷¹ Bissoondath, *Selling Illusions: The Cult of Multiculturalism in Canada* (Canada: Penguin, 1994), 71.

¹⁷² Henighan, *The Presumption of Culture*, 137.

¹⁷³ For more on a "more ordered, stable society, see Grant, *Lament for a Nation*, 5. For more on the impact of Canada's non-revolutionary past on its identity, see Lipset, *North American Cultures*, 3.

¹⁷⁴ John Hutchinson, *Dynamics of Cultural Nationalism: The Gaelic Revival and the Creation of the Irish Nation State* (London: Allen & Urwin, 1987), 12-13.

¹⁷⁵ Hutchinson, *Dynamics of Cultural Nationalism*, 16.

Instead, Canada's uniqueness stems, in part, from its emphasis on multiculturalism and its resistance of nationalism in favour of cultural pluralism.¹⁷⁶ As such, Canada does not have a nationalism in the traditional sense. Rather than Canadian cultural nationalism representing either of Hutchinson's concepts of a restoration to a previous tradition or resistance to the established state through association with a historic civilisation, Canadian cultural nationalism represents the manufactured Canadian national ideology and a culture of acceptance and equal treatment within the polity.¹⁷⁷ Canadian cultural nationalism is grounded in polyethnicity, a celebration of difference and the guarantee of equal rights despite ethnic, linguistic or religious affiliation. It is not based on a linguistic or ethnic heritage, but instead is based on its governance structure. Despite the multicultural nature of the population of Canada, Cook refers to Justice Cannon's argument that nothing can interfere with the individual's status as a Canadian citizen.¹⁷⁸ As such, cultural nationalism in the Canadian government fulfils Hutchinson's definition as "moral innovators," uniting the population through a distinctive, manufactured community capable of competing in the modern world.¹⁷⁹

Thus, while Canada's heterogeneous nature and conflict between the country's primary nationalisms (French-speaking and English-speaking Canadians) have arguably prevented the *organic* development of a Canadian identity, a unique Canadian national identity based on polyethnicity has been manufactured by the state and shaped by politicians and elites.¹⁸⁰ However, without the traditional overt shared experience offered by a shared ethnic, religious or linguistic tradition, Canadian identity is somewhat tenuous. This has resulted in a reliance on the application of political tools such as cultural policy to foster a sense of national identity throughout the country and to unite the population.

3.2 The Role of Canadian Cultural Policy at the Federal Level

According to Hutchinson, it is in the arts that cultural nationalism has the greatest impact as the artist-creator dramatises the lessons of the nation's history and inspires "individual and collective self-realisation."¹⁸¹ Thus, as per Anderson's emphasis on the importance of culture in creating the 'imagined community' and Gellner's claim that culture serves to unite the citizenry while preventing dissenting

¹⁷⁶ Cook, *The Maple Leaf Forever*, 4.

¹⁷⁷ Hutchinson, *Dynamics of Cultural Nationalism*, 209, 22-23, 30.

¹⁷⁸ Cook, *Canada, Quebec and the Uses of Nationalism*, 170.

¹⁷⁹ Hutchinson, *Dynamics of Cultural Nationalism*, 34.

¹⁸⁰ Cook, *The Maple Leaf Forever*, 189.

¹⁸¹ Hutchinson, *Dynamics of Cultural Nationalism*, 197.

factions, the Canadian government has a long history of fostering national identity through the application of cultural policy.¹⁸²

Within the unique nature of the Canadian nation state, exposure to both high culture and popular culture are perceived as an essential element in creating the imagined community, binding the fragmented population through reflection of a shared civic experience as opposed to a shared linguistic or ethnic experience. As such, Canada reflects Prizel's analysis of the newly emerged state, dependent on nationalism and national identity as the binding force of the society.¹⁸³ However, as stated above, Canadian national identity is tenuous as it is based on a shared political experience rather than a shared ethnic or linguistic heritage. Consequently, the Canadian government has a tradition of fretting about Canadian nationalism and what it means to be Canadian to the point of obsession.¹⁸⁴ This anxiety is manifested in Canadian cultural policy, a political initiative aimed at reflecting Canadian content to Canadians to provide a common experience to Canadians coast to coast.

Although critics may point to regional and provincial cleavages, ultimately, the citizen is exposed to a pan-Canadian experience through the portrayal of federal institutions, common rights and shared "Canadian" experiences portrayed in cultural products. As Lipset argues, the differentiating characteristics of the Canadian nation (as opposed to the American nation) are reflected in literature, religious traditions, political and legal traditions, political institutions and socio-economic structures.¹⁸⁵ Atwood elaborates, noting Canadian literature stresses the unique way in which Canadians perceive authority, reflecting a fundamental social difference between Canadians and Americans.¹⁸⁶ Therefore, Lipset argues, the imagined Canadian community depends on acceptance of political legitimacy above all else, with cultural goods, such as literature, playing a fundamental role in maintaining acknowledgement and acceptance of state legitimacy. For example, in his analysis of print media in Canada, Rutherford attributes the press with effectively creating public opinion and legitimising political authority through the articulation of ideas, creating stereotypes, symbols and slogans in an accessible manner, as well as "propagandising ideas" throughout the country.¹⁸⁷ Accordingly, the press plays a

¹⁸² See Anderson, *The Imagined Community*; Gellner, *Nations and Nationalism* (2006), 62-63.

¹⁸³ Prizel, *National Identity and Foreign Policy*, 2.

¹⁸⁴ Lipset, *North American Cultures*, 8.

¹⁸⁵ Lipset, *North American Cultures*, 1-2.

¹⁸⁶ As in Lipset, *North American Cultures*, 8.

¹⁸⁷ Rutherford, *The Making of the Canadian Media*, 31-32.

fundamental role in making political opinion popular and reinforcing the concept of national unity. As such, high and low culture are not differentiated in their impact on Canadian national identity. Further, Ostry argues culture can provide a shared national experience that cannot be promoted by schools or politics.¹⁸⁸ Even though the experience may not be common, especially in a country such as Canada with different linguistic and ethnic populations, the value of the shared cultural experience serves to connect the population in a unique manner. Therefore, Ostry advocates a federal cultural policy can help create this experience, thereby preventing dissention and regional isolation in favour of the larger community of Canada as a whole.¹⁸⁹

Reflecting this interdependence, the Canadian government and various Royal Commissions and Special Committees have consistently highlighted the link between cultural goods and national identity as justification of protectionist cultural policy. Although Canadian cultural policy became more widely publicised throughout Trudeau's leadership, Robert Fulford argues that it would be a mistake to assume cultural policy only became a government priority at this stage in Canada's development.¹⁹⁰ As Lipset contends, the Canadian government has applied an approach centred on state intervention to resist the perceived cultural takeover by Americans.¹⁹¹ Notably, since the widely publicised report of the Royal Commission on National Development in the Arts, Letters and Sciences in 1951, popular culture in the form of print media, radio, television and film, has become openly attributed with fostering Canadian self-identity, nationhood and regional pride.¹⁹² This is exemplified by Susan Crean's presentation of the argument linking the fostering of cultural systems to national identity and continuity which has historically driven development of Canadian cultural policy:

Quite simply, what Pierre Juneau, the former chairman of the Canadian Radio-Television Commission, has said of broadcasting must be said of all our cultural systems: if we fail to maintain and develop them, 'Canada may remain some kind of trading mechanism, but I doubt it will remain a country.'¹⁹³

Consequently, the Canadian federal government has adopted a long-running campaign to unite its geographically, culturally and linguistically fragmented population, resist the on-going risk of cultural imperialism (notably from the United

¹⁸⁸ Ostry, *The Cultural Connection*, 177-178.

¹⁸⁹ Ostry, *The Cultural Connection*, 178.

¹⁹⁰ Robert Fulford, introduction to *The Cultural Connection*, by Bernard Ostry, (Canada: McClelland & Stewart Ltd., 1978).

¹⁹¹ Lipset, *North American Cultures*, 10.

¹⁹² Henighan, *The Presumption of Culture*, 12.

States) and promote its heterogeneous values on an international level through the application of cultural policy. It is important to note that these federal policies apply to cultural industries across Canada, and are not aimed at the promotion of an “English-Canadian” culture any more than they are aimed at the promotion of “French-Canadian” culture. For example, postal subsidies for eligible Canadian periodicals are the same regardless of the city/province of origin or of the language of print.¹⁹⁴

Further, this approach is broadly supported by Canadians across the country. Royal Commissions and Standing Committees have, throughout the decades, consulted with citizens and representatives from various cultural industries in each province. For example, in 1997 the Standing Committee on Canadian Heritage commenced two years of public consultation on culture in Canada across the country.¹⁹⁵ Open consultation sessions by these Commissions and Committees have drawn large numbers of participants, indicating the value Canadians attach to the promotion of Canadian culture and the opportunity to support cultural policy.¹⁹⁶ For example, the Royal Commission on Radio Broadcasting held public consultations in 25 cities across Canada. At these consultations, 164 people presented, and an additional 124 submitted written statements.¹⁹⁷ Consultation by the Massey Commission included public hearings in 16 cities spanning 10 provinces. Throughout its consultation, the Commission received 462 briefs and heard presentations from 1200 witnesses including federal government institutions, provincial governments, national organisations, local bodies and private commercial cultural industries in addition to commissioned work by scholars and leaders in the cultural sector.¹⁹⁸

¹⁹³ Crean, *Who's Afraid of Canadian Culture?*, 5-6.

¹⁹⁴ See, for example, Canada. Canadian Heritage. "Agreement on Postal Rates to Benefit Canadian Publications." *News Release*, February 5, 1996.

http://www.pch.gc.ca/newsroom/index_e.cfm?fuseaction=displayDocument&DocIDCd=6NR019 (accessed April 25, 2007); Canada. Canadian Heritage. "New Magazine Fund to Benefit Canadian Publishers." *News Release*, December 16, 1999.

http://www.pch.gc.ca/newsroom/index_e.cfm?fuseaction=displayDocument&DocIDCd=9NR098 (accessed April 24, 2007).

¹⁹⁵ Canada. Parliament. House of Commons. Standing Committee on Canadian Heritage. *A Sense of Place - A Sense of Being: The Evolving Role of the Federal Government in Support of Culture in Canada: Ninth Report [electronic resource]*. Ottawa: The Committee, 1999.

<http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?COM=108&Lang=1&SourceId=36266> (June 25, 2003), Forward.

¹⁹⁶ Canada. Parliament. House of Commons. Standing Committee on Canadian Heritage. *A Sense of Place - A Sense of Being [electronic resource]*, Forward.

¹⁹⁷ Canada, Royal Commission on Radio Broadcasting, *Report of the Royal Commission on Radio Broadcasting*, Sir John Aird, Chair (Ottawa: F.A. Acland, Printer, 1929), 5-6.

¹⁹⁸ Canada, Royal Commission on National Development in the Arts, Letters and Sciences, *Report of the Royal Commission on National Development in the Arts, Letters and Sciences*, V. Massey Chair.

Recent data further indicates a consistent trend of Canadian support for cultural policy. For example, 76% of Canadians continue to support the projection of Canadian culture abroad as a foreign policy priority.¹⁹⁹ Domestically, 70% of Canadians support Canadian content regulations governing television programming.²⁰⁰ A 2004 Ipsos Reid poll showed 89% of Canadians supported either maintaining or increasing funding for the CBC, Canada's national television and radio provider. Support was actually higher than the national average in Quebec, where 95% of the province's population supported maintaining or increasing funding for the CBC.²⁰¹ An overwhelming 76% of all Canadians and 77% of Quebecers trusted the CBC to reflect and protect Canadian culture.²⁰² The majority of Canadians (89%) perceived the CBC as a differentiating factor between Canada and the United States, and 80% of all Canadians believed the CBC should be regenerated to provide high quality Canadian programming throughout Canada.²⁰³ While figures relating citizen support of each of the cultural support programs run by the DOCH were not found, those statistics that are available indicate that support for political protection of the cultural sectors is not limited to political elites. Instead, support for the DOCH's mandate is broad throughout the Canadian citizenry.

3.2.1 Projecting Canada to Canadians: Uniting a Fragmented Population

[T]his young nation, struggling to be itself, must shape its course with an eye to three conditions so familiar that their significance can too easily be ignored. Canada has a small and scattered population in a vast area; this population is clustered along the rim of another country many times more populous and of far greater economic strength; a majority of Canadians share their mother tongue with that neighbour, which leads to peculiarly close and

(Ottawa: King's Printer, 1951), <http://www.collectionscanada.gc.ca/masse/h5-400-e.html#content> (accessed 27 April 2005), 8.

¹⁹⁹ Ipsos-Reid, *Foreign Affairs Update: A Public Opinion Survey, Draft #2*, Submitted to Department of Foreign Affairs and International Trade, September 2001. Quoted in Alain Noel, Jean-Philippe Therien and Sebastien Dallaire, "The Canadian Public and Development Assistance", *Cahiers du CPDS*, No 03-02, February 2003, <http://www.criteres.umontreal.ca/pdf/cahiercpds03-02.pdf> (February 11, 2008)

²⁰⁰ Sheila Copps, "Culture and Heritage: Making Room for Canada's Voices," *Media Awareness Network*, (Originally published in *The Focus Report*, June 1997). http://www.media-awareness.ca/english/resources/articles/sovereignty_identity/culture_heritage.cfm (accessed April 25, 2007).

²⁰¹ Ipsos Reid, "Broadcasting Issues and Canadian Public Opinion: An Ipsos-Reid Survey for the Friends of Canadian Broadcasting, A Summary of Selected Findings on Issues Associated with the CBC, and Foreign Ownership and Media Concentration", May 2004, <http://www.friends.ca/files/PDF/IRMay04.pdf> (accessed February 11, 2008), 4.

²⁰² Ipsos Reid, "Broadcasting Issues and Canadian Public Opinion: An Ipsos-Reid Survey for the Friends of Canadian Broadcasting, A Summary of Selected Findings on Issues Associated with the CBC, and Foreign Ownership and Media Concentration," 2.

²⁰³ Ipsos Reid, "Broadcasting Issues and Canadian Public Opinion: An Ipsos-Reid Survey for the Friends of Canadian Broadcasting, A Summary of Selected Findings on Issues Associated with the CBC, and Foreign Ownership and Media Concentration," 3.

intimate relations. One or two of these conditions will be found in many modern countries. But Canada alone possesses all three.²⁰⁴

As the Massey Commission noted in 1951, Canada faces a unique challenge in having such a small, diverse population scattered over a large geography.²⁰⁵ The multiple ethnic, regional and linguistic communities admittedly pose problems for the creation of a unique Canadian national identity shared throughout the population. Thus, the government has implemented cultural policy to ensure citizens have access to domestic cultural productions reflecting Canada to Canadians regardless of geographic or cultural cleavages. The application of cultural policy to unify the citizenry is outlined by Ostry's claim that it is the responsibility of the federal government to "connect" the citizenry given Canada's fragmented citizenry reflecting a myriad of histories by providing a shared experience and a common national goal.²⁰⁶ The validity of using cultural policy as a tool of nationalism is further legitimised by Gellner's assessment that mutual recognition of shared membership, rights and duties among the populous is essential to the existence of the nation itself.²⁰⁷ Others, including Henighan and Crean advocate culture as a tool of unification in Canada as it shapes the minds of citizens and reiterates the national group to which they belong.²⁰⁸ Further, the application of culture to unite a country's population and promote the nation is condoned by the United Nations. Specifically, the United Nations Educational, Scientific and Cultural Organisation (UNESCO) advocates a strong domestic culture to reflect the national ideology to the populous, noting popular culture provides a "modern mode" of relaying national stories which "reflect the image" of the population "so that they can see and reinvent themselves."²⁰⁹

In presenting a common element advertising the shared civic experience of the otherwise diverse population, culture has consistently been presented as a fundamental element to the legitimacy of the sovereign Canadian nation state throughout the reports and recommendations of various special committees and the implementation of cultural policy to promote a Canadian identity. Notably, the Royal Commission on Radio Broadcasting argued media played a fundamental role in "fostering a national spirit and interpreting national citizenship throughout the

²⁰⁴ Canada, Royal Commission on National Development in the Arts, Letters and Sciences, *Report of the Royal Commission on National Development in the Arts, Letters and Sciences*, 11.

²⁰⁵ The Royal Commission on National Development in the Arts, Letters and Sciences is often referred to as the Massey Commission as the Commission was chaired by Vincent Massey.

²⁰⁶ Ostry, *The Cultural Connection*, 4.

²⁰⁷ Gellner, *Nations and Nationalism* (rev. ed. 2006), 7.

²⁰⁸ Henighan, *The Presumption of Culture*, 140; Crean, *Who's Afraid of Canadian Culture?*, 269.

²⁰⁹ UNESCO, *World Culture Report*, (Paris: UNESCO, 2000), 97.

country, uniting a fragmented population across a vast territory.²¹⁰ Thus, the commission advocated the potential of cultural tools in flagging the nation, acknowledging its ability to unite individuals across the country to forge a national identity despite geographic, linguistic and ethnic cleavages.

This was followed by the Massey Commission, appointed in the 1940s to conduct an in-depth national study on the state of Canadian culture based on the premise that arts and culture play a crucial role in creating and maintaining a strong Canada. Describing the mandate of the Commission, Paul Schafer notes that the Massey Commission represented a shift in perception of the importance of cultural industries in Canada: "For the first time in Canadian history, culture had become sufficiently important - and significantly differentiated from other fields of activity like education and religion – to warrant a full scale investigation of it."²¹¹ The Massey Commission echoed the work of the Royal Commission on Radio Broadcasting and explicitly outlined the importance of media in shaping the individual:

Canadian achievement in every field depends mainly on the quality of the Canadian mind and spirit. This quality is determined by what Canadians think, and think about; by the books they read, the pictures they see and the programmes they hear. These things, whether we call them arts and letters or use other words to describe them, we believe to lie at the roots of our life as a nation. They are also the foundations of national unity. We thought it deeply significant to hear repeatedly from representatives of the two Canadian cultures expressions of hope and of confidence that in our common cultivation of the things of the mind, Canadians—French and English-speaking—can find true "Canadianism". Through this shared confidence we can nurture what we have in common and resist those influences which could impair, and even destroy, our integrity.²¹²

This excerpt indicates the foundation of Canadian nation identity. Despite differences that can separate and divide the citizenry, an overarching ideology of heterogeneity serves to unite the population. However, this ideology can only permeate and unite the citizenry if the population is exposed to these messages. Specifically, the Commission highlighted the role of popular cultural goods in educating the citizenry by noting that the population learned through both formal education and a form of non-academic social education received through exposure

²¹⁰ Canada, Royal Commission on Radio Broadcasting, *Report of the Royal Commission on Radio Broadcasting*, 6.

²¹¹ Paul Schafer, *Culture and Politics in Canada: Towards a Culture for All Canadians* (Markham, ON: World Culture Project, 1998), 18.

²¹² Canada, Royal Commission on National Development in the Arts, Letters and Sciences, *Report of the Royal Commission on National Development in the Arts, Letters and Sciences*, 271.

to [popular] cultural goods.²¹³ The Commission argued the non-academic education of the individual is developed through newspapers, books, periodicals, radio, television, films, museums, exhibitions art galleries, lectures and interest groups; the individual is constantly educated by every aspect of cultural interaction in his or her immediate surrounding. Accordingly, the Commission argued education outside the classroom continues to form the individual's conceptions and ideologies after they have completed or departed the formal education system.²¹⁴ Hence, it is these tools of culture which were identified as having the greatest impact on the individual lives of citizens and therefore on the nation as a whole. The Commission highlighted that outside of the classroom, media is the largest influence on human development and knowledge, a role that is too important in society to be easily ignored or overlooked. Consequently, the Massey Commission attributed Canadian national integrity and morale to cultural industries, recommending that cultural vehicles such as television and radio be perceived and treated as national tools.²¹⁵

The findings and recommendations of the Massey Commission altered the Canadian perspective of media, highlighting the importance of a Canadian presence on radio and television, in books, magazines and classrooms. The Commission identified and emphasised the importance of Billig's 'flagging of the nation' within the political sphere, altering political perspectives of the importance of cultural independence and underscoring the importance of a political awareness of Canadian media. As a result, the Massey Commission was the instigator of Canadian content regulations which stipulate a certain percentage of programming on Canadian radio and television must be Canadian.²¹⁶ Additionally, following the Commission's recommendations for the development of institutions to further promote Canadian identity through Canadian cultural achievements, the National Library of Canada was created in 1953 to conserve Canada's past, and the Canada Council was created in 1957 to cultivate Canada's future.²¹⁷

These new developments were to become the focus of future Commissions, which widely endorsed the Massey Commission's recommendations regarding the

²¹³ Canada, Royal Commission on National Development in the Arts, Letters and Sciences, *Report of the Royal Commission on National Development in the Arts, Letters and Sciences*, 6-7.

²¹⁴ Canada, Royal Commission on National Development in the Arts, Letters and Sciences, *Report of the Royal Commission on National Development in the Arts, Letters and Sciences*, 6-7.

²¹⁵ Canada, Royal Commission on National Development in the Arts, Letters and Sciences, *Report of the Royal Commission on National Development in the Arts, Letters and Sciences*, 275-277.

²¹⁶ Canada, Royal Commission on National Development in the Arts, Letters and Sciences, *Report of the Royal Commission on National Development in the Arts, Letters and Sciences*, Chapter XVIII.

²¹⁷ Henighan, *The Presumption of Culture*, 9.

application of cultural goods as tools of Canadian nationalism. For example, the 1982 Report of the Federal Cultural Policy Review Committee recommended formal acknowledgement in the importance of culture to Canadian nationalism through the development of the Canadian Ministry of Culture and Heritage.²¹⁸ The Committee recommended the Ministry oversee the effective nurturing of an independent Canadian cultural industry aimed at uniting the fragmented and diverse population, ensuring broad access to domestic cultural goods.²¹⁹ This was further exemplified in 1999 when the government declared that cultural goods define who Canadians are and claimed creators of these cultural goods strengthen the connections throughout the Canadian population to a wider Canadian ideology.²²⁰ Further, the government recognized the diversity of Canadian culture as “a fundamental characteristic of our society and of what it means to be Canadian.” Consequently, the government committed support to domestic cultural industries because their products represent Canadian values.²²¹ For example, as outlined above, it is believed that Canadian cultural goods stress the unique way in which Canadians perceive society.²²²

From the examples above, one can see the Canadian government has consistently perceived cultural goods as tools of national unity. The government has championed Canadian cultural products with reflecting Canadian characteristics, such as diversity, and ideological values back at the population, thereby reminding the population of their primary allegiance to the Canadian nation regardless of other competing affiliations.

3.2.2 Resisting American Cultural Imperialism

Canadian cultural policies are based on the notion that Canadians must have the opportunity to hear themselves speak in their own voices. This, it is claimed, in my view quite correctly, is necessary if Canada is to flourish as an independent, democratic society. In the modern world, the media are the mirrors that give back images confirming our shared values. If what we see does not confirm who we are, if all we see are foreign images, we risk ending up as a sort of dysfunctional family nationwide. Consequently, we look to

²¹⁸ Canada. Federal Cultural Policy Review Committee. *Report of the Federal Cultural Review Committee*. Louis Applebaum and Jacques Herbert, Chairs. (Ottawa: Information Services, Dept. of Communications, Government of Canada, 1982), 34-37, Chapter 4 and 107.

²¹⁹ Canada. Federal Cultural Policy Review Committee. *Report of the Federal Cultural Review Committee*. 34-37 and 137.

²²⁰ Canada, Canadian Heritage, *Connecting to the Canadian Experience: Diversity, Creativity and Choice, the Government of Canada's Response to "A Sense of Place, A Sense of Being: The Ninth Report of the Standing Committee on Canadian Heritage"* (Ottawa: Canadian Heritage, 1999), <http://www.patrimoinecanadien.gc.ca/progs/ac-ca/progs/rc-tr/progs/dpci-tipd/pubs/experience/english.PDF> (accessed April 24, 2007), 3.

²²¹ Canada, Canadian Heritage, *Connecting to the Canadian Experience*, 5.

²²² See for example, Lipset, *North American Cultures*, 8; Ostry, *The Cultural Connection*, 177-178.

government, among other agencies, to ensure that expressions of Canadian cultural values are readily available to us.²²³

Canada has a history as a major importer of foreign media and culture (for more information see Chapter 8). Given Canada's proximity to the United States, a population clustered along the border with a similar lifestyle and a shared language for the majority of the population, it seems natural for Canadians to be attracted to American cultural products. However, Canada's reputation as the world's leading importer of cultural goods has resulted in what the Canadian government perceives as a concerning imbalance of foreign cultural consumption. This is only exacerbated by a domestic industry plagued by a small local market, complicated and costly distribution and incessant competition from the American market. Consequently, according to Ostry, the Canadian population is perceived to have become Americanized to a greater extent than populations in European countries.²²⁴ Thus, in addition to uniting a fragmented population, cultural policy in Canada has been applied to resist American cultural imperialism, a perceived long-term threat to Canadian identity.²²⁵ The perceived threat permeating Canadian discussions on national identity is expressed in phrases such as: "U.S. [companies are] aborting Canadian initiative, capturing a part of our minds, and imposing an alien mythology".²²⁶ The traditional response of the Canadian government has been to apply cultural enforcements, as it is perceived the development of Canadian cultural industries is the country's only defence against American cultural imperialism.²²⁷

Indeed, Ostry highlights that the advent of radio drew the government's attention to the perils of Americanisation and the consequent necessity of cultural policy to retain a unique Canadian identity.²²⁸ In its recommendations, the Royal Commission on Radio Broadcasting highlighted and addressed the threat of American cultural imperialism in the 1920s. The Commission advocated sustained, systematic public sector involvement was required if Canada was to develop a viable system of cultural development and a dynamic cultural life independent of American cultural influence.²²⁹ The Commission recommended cultural policy focused on the creation and retention of a Canadian culture reflective of a unique,

²²³ Dennis Browne, "Our Flawed New Magazine Policy," *Policy Options* January/February (1999): 49-55, <http://www.irpp.org/po/archive/jan99/browne> (accessed April 25, 2007), 52.

²²⁴ Ostry, *The Cultural Connection*, 95.

²²⁵ See, for example, Crean, *Who's Afraid of Canadian Culture?*, 18; Grant and Chris Wood, *Blockbusters and Trade Wars*, Parts 1 and 2; Henighan, *The Presumption of Culture*, 4.

²²⁶ Crean, *Who's Afraid of Canadian Culture?*, 18.

²²⁷ Henighan, *The Presumption of Culture*, 11.

²²⁸ Ostry, *The Cultural Connection*, 43.

²²⁹ Schafer, *Culture and Politics in Canada*, 15.

diverse and open country, to be applied as a tool of nation-building while also showcasing the best programming from abroad.²³⁰ Second, the Commission recognized Canada's market position is a weak one given its small, diverse population. The Commission therefore proposed the federal government combat the increasing presence of American culture with a network of publicly owned Canadian radio stations and broadcasts focussed on Canadian issues and programming.²³¹ These stations would act as an alternative to private stations dependent on inexpensive imported American programming to turn a profit. Consequently, the Canadian Broadcast Corporation was developed as a Crown Corporation in 1936 with the mandate of developing a radio service Canadian in content and character.²³² The CBC remains a pillar of the Canadian cultural sector today.

The Massey Commission continued to focus on the extent of American permeation of the Canadian cultural sector on a national level. The Commission revealed "many fundamental deficiencies in Canadian cultural life" and "an appalling lack of Canadian content in virtually every field of artistic, academic and scientific endeavour."²³³ Further, the Commission reiterated the country was at risk from the forces of American cultural imperialism based on Canada's small, fragmented, diverse population in a vast geographical area neighbouring a more populated, hegemonic country sharing a mother tongue, ideologies and rates of development. Accordingly, the combination of these factors rendered Canada's extensive exposure to America and its cultural exports unique.²³⁴ Accordingly, Canada was not only susceptible to imported media from the United States, but its citizenry would be more receptive to American cultural goods and messages than perhaps any other nation. Second, the Massey Commission focussed on highlighting the accessibility to American cultural imports throughout Canada to the potential detriment of the Canadian voice.²³⁵ For example, the Commission claimed Canadian culture, both within and outside the classroom was being negatively affected by the abundance of American cultural products and American influences.

²³⁰ Canada. Royal Commission on Radio Broadcasting. *Report of the Royal Commission on Radio Broadcasting*. 10.

²³¹ Canada. Royal Commission on Radio Broadcasting. *Report of the Royal Commission on Radio Broadcasting*. 6-7.

²³² Canada, Department of Justice Canada, *Broadcasting Act (1991, c. 11)*, Canada: Department of Justice Canada, 1991. <http://laws.justice.gc.ca/en/showdoc/cs/B-9.01/bo-ga:l I-qb:s 3/en#anchorbo-ga:l I-qb:s 3> (accessed Feb 10, 2008).

²³³ Schafer, *Culture and Politics in Canada*, 19.

²³⁴ Canada, Royal Commission on National Development in the Arts, Letters and Sciences, *Report of the Royal Commission on National Development in the Arts, Letters and Sciences*, 11.

Within the classroom, the potential harm of imported media was highlighted by the use and domination of American text books. Although not derogatory to Canadians, these texts focused on championing American achievements and teaching an American curriculum rather than presenting Canadian achievements and fostering a sense of national pride.²³⁶ Among its recommendations to resist American cultural imperialism, the Massey Commission advocated the regulation of foreign ownership of broadcasting/media, recommending that television face similar regulations and ownership structures of radio as set out by the Royal Commission on Radio Broadcasting to avoid increasing Americanisation of Canadian media and culture.²³⁷ These recommendations were put into practice and are the foundation of current policy. The Commission also recommended fortification of cultural industries be given the same attention as military defences as “the two cannot be separated.”²³⁸ This monumental parallel between cultural protectionism and military defence would impact the perceived role of cultural goods in Canada for years to come.

Despite the warnings of the Massey Commission, Canada continued to consume American cultural products to an overwhelming extent. The 1957 Report by the Royal Commission on Broadcasting provided an overview of the Canadian cultural industry similar to that of the Massey Commission. The Commission again outlined the high costs of domestic production and the small audience size noting that without subsidies, Canadian stations would be unable to afford Canadian productions, and would inevitably become outlets for American programs. The Commission also highlighted the problematic relationship between Canada to the United States in terms of cultural dependence. Due to the heavy Canadian reliance on American media, the Commission maintained the necessity of the nationalisation of the broadcasting system and again stressed the link between national identity and access to Canadian broadcasting. Schafer summarises the Commission’s recommendations, highlighting they led to the 1968 Broadcasting Act which was meant to preserve some degree of Canadian control over the increasingly popular media of television and radio. As Schafer notes, the Commission believed: “the Canadian broadcasting system should be effectively owned and controlled by

²³⁵ Canada, Royal Commission on National Development in the Arts, Letters and Sciences, *Report of the Royal Commission on National Development in the Arts, Letters and Sciences*, 17-18.

²³⁶ Canada, Royal Commission on National Development in the Arts, Letters and Sciences, *Report of the Royal Commission on National Development in the Arts, Letters and Sciences*, 16-17.

²³⁷ Canada, Royal Commission on National Development in the Arts, Letters and Sciences, *Report of the Royal Commission on National Development in the Arts, Letters and Sciences*, 289-290; 292-293; 303.

²³⁸ Canada, Royal Commission on National Development in the Arts, Letters and Sciences, *Report of the Royal Commission on National Development in the Arts, Letters and Sciences*, 275.

Canadians so as to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada.”²³⁹ Globerman highlighted this was reiterated by the 1976 Royal Commission on Publications, which also drew a parallel between cultural protectionism and military defence.²⁴⁰

The focus of American culture in Canada and its potential impact on nationalism continued to be an issue in Canadian political discussions, driving development and retention of protectionist legislation and subsidies for Canadian culture. In 1961 the Royal Commission on Publications stressed that cultural products were as vital to the life of the nation as its defences were and should receive comparable national protection.²⁴¹ This sentiment has transcended Canadian cultural review. In 1994 the Special Joint Committee Reviewing Canadian Foreign Policy once again reiterated the Massey Commission’s warning that Canada was highly susceptible to American cultural imperialism based on similar demographics and Canada’s smaller population base. Consequently, the Committee observed Canadians consume imported cultural goods not only through choice, but also because domestic cultural products are difficult to obtain given high production and distribution costs.²⁴² However, many contemporary studies highlight the economic complications of successfully producing Canadian cultural goods given economic factors of the accessibility of American culture in Canada.²⁴³ As Henighan warns, “My belief is that the Canadian national vision, made manifest, articulated and shaped by its culture, is in danger, and that the danger is coming from the “universal entertainment culture” that is largely a product of American industry.”²⁴⁴ The challenge of American imperialism was again outlined by another federal committee:

The essential reason for public development of television in this country is that we want both popular programs and cultural programs to be produced in Canada, by Canadians, about Canada; we want programs for the United States, but we do not want, above all, that these programs will come over and be in a position to monopolize the field. It is perfect nonsense for anyone to suggest that private enterprise in Canada, left to itself, will provide (the range of) Canadian programs. People who invest their money... will certainly invest it where it will make a profit – by importing American programs.²⁴⁵

²³⁹ Schafer, *Culture and Politics in Canada: Towards a Culture for All Canadians*, 33.

²⁴⁰ Globerman, *Culture, Governments and Markets*, 15.

²⁴¹ Canada. Royal Commission on Publications. *Report: Royal Commission on Publications*. Grattan O’Leary, Chair. Ottawa: Queen’s Printer, 1961, 2.

²⁴² Canada, Parliament, Special Joint Committee Reviewing Canadian Foreign Policy, *Canada’s Foreign Policy: Principles and Priorities for the Future*, 68.

²⁴³ See, for example, Grant and Wood, *Blockbusters and Trade Wars*, Part 1; and Henighan, *The Presumption of Culture*.

²⁴⁴ Henighan, *The Presumption of Culture*, 4.

²⁴⁵ Canada, National Film Board Mandate Review Committee - CBC, NFB, Telefilm, *Making Our Voices Heard: Canadian Broadcasting and Film for the 21st Century* (Ottawa: Canadian Heritage Communications Branch, 1996), 33

Thus, the Canadian government remains acutely aware of the degree of foreign cultural penetration and the consequent effects. Cultural legislation, in the eyes of the government, is a necessary element for the production, cultivation and dissemination of Canadian cultural goods given market pressures and the extent to which American cultural goods are represented in the Canadian market.

3.2.3 Projecting Canada to the World

A country that does not project a clearly defined image of what it is and what it represents, is doomed to anonymity on the international scene. Only Canadian culture can express the uniqueness of our country, which is bilingual, multicultural, and deeply influenced by its Aboriginal roots, the North, the oceans, and its own vastness. As John Ralston Saul stated in his study submitted to the Special Joint Committee: "Canadian culture is the vision of a northern people who, despite substantial and constant difficulties, found a way to live together while other nations tore themselves apart and imposed monolithic, centralized mythologies on themselves."²⁴⁶

As was discussed in Chapter 2, Breuilly draws a parallel between culture and national legitimacy, outlining that while culture reiterates the political context of the state to the citizenry it also represents the national context to rival states.²⁴⁷ Further, Prizel notes global interaction allows for the projection of national identity, acting as a form of global acknowledgement, confirmation or rejection, thereby allowing the state "to develop a sense of national uniqueness."²⁴⁸ As Prizel elaborates, national identity serves as the link between the domestic society and the global society, with foreign policy acting as the "protector", or "anchor" of that identity. Thus, foreign policy acts as a "tool for mass mobilisation and political cohesion" in addition to providing a foundation of state legitimacy.²⁴⁹

Within this context, cultural goods provide the vehicle for the international projection of national identity thereby fostering an international understanding and acceptance of the nation, which in turn, reiterates its legitimacy on a domestic level. Accordingly, the importance of Canadian cultural goods in promoting Canada to the world was stressed throughout numerous reports of special committees and task forces. These Committees consistently advocated the importance of the supporting cultural industries which could showcase the country and its values on an international level.

²⁴⁶ Canada, Department of Foreign Affairs and International Trade, *Government Response to the Recommendations of the Special Joint Committee Reviewing Canadian Foreign Policy*, (Ottawa: Government of Canada, 1995), Summary.

²⁴⁷ Breuilly, John, *Nationalism and the State*, 62.

²⁴⁸ Prizel, *National Identity and Foreign Policy*, 16.

²⁴⁹ Prizel, *National Identity and Foreign Policy*, 19.

The Massey Commission highlighted that nations around the world were coming to recognise the value of international cultural exchanges. These exchanges provided an international understanding of national ideologies, and opened the door for diplomatic dialogue, trade agreements, immigrants and, in turn, cultural exchange. Further, the Commission argued these exchanges play an important role in the development of Canadian cultural life and, therefore, to Canadian nationalism.²⁵⁰ Consequently, the Commission noted “The promotion abroad of a knowledge of Canada is not a luxury but an obligation”, advocating for a stronger national policy on international cultural exchange. Specifically, the Commission argued:

Exchanges with other nations in the fields of the arts and letters will help us to make our reasonable contribution to civilized life, and since these exchanges move in both directions, we ourselves will benefit by what we receive. We are convinced that a sound national life depends on reciprocity in these matters.²⁵¹

Thus, the Commission recognised the importance of supporting key elements of Canadian cultural industries to promoting Canada internationally. Specifically, the Commission recognised the Canadian Broadcasting Corporation’s role in presenting Canada to an international audience through its programming and of Canadian films as “an instrument of national publicity” advocating continued support of these elements of Canadian culture.²⁵²

Although these messages continued to be echoed throughout future Commissions and Committees, in the 1990s, the importance of the role of Canadian culture abroad gained a new emphasis. Specifically, DFAIT highlighted the importance of projecting Canada abroad through Canadian cultural goods, incorporating an approach to cultural goods into its strategic plan.²⁵³ In its 1994 Report, the Special Joint Committee Reviewing Canadian Foreign Policy advocated measures to project Canadian cultural goods internationally and noted “the role that Canada plays in the world is a mirror in which Canadians see themselves.”²⁵⁴ Further, the Committee argued international projection of Canadian cultural goods forges an “identifiable

²⁵⁰ Canada, Royal Commission on National Development in the Arts, Letters and Sciences, *Report of the Royal Commission on National Development in the Arts, Letters and Sciences*, 261.

²⁵¹ Canada, Royal Commission on National Development in the Arts, Letters and Sciences, *Report of the Royal Commission on National Development in the Arts, Letters and Sciences*, 253-254.

²⁵² Canada, Royal Commission on National Development in the Arts, Letters and Sciences, *Report of the Royal Commission on National Development in the Arts, Letters and Sciences*, 256-257.

²⁵³ Andrew Cohen, *While Canada Slept: How We Lost Our Place in the World* (Toronto: McClelland & Stewart Ltd., 2003), 83; Canada, Department of Foreign Affairs and International Trade, *Government Response to the Recommendations of the Special Joint Committee Reviewing Canadian Foreign Policy*, 78.

²⁵⁴ Canada, Parliament, Special Joint Committee Reviewing Canadian Foreign Policy, *Canada’s Foreign Policy: Principles and Priorities for the Future*, 1-2.

image for Canada”, further flagging the Canadian nation in an increasingly global village and cementing the attributes of the imagined Canadian community to both Canadians and foreigners alike.²⁵⁵ In doing so, the government ensures Canadian nationalism is reflected back to Canadians while also differentiating it from other competing nationalisms on a global scale. As Saul noted in his paper prepared for the Committee: “Countries are in large part the image they project abroad.”²⁵⁶ Saul also stated empathically that nations which do not promote their cultural industries internationally are “naïve and self-destructive”, claiming “They are attempting to function without a public image in an international climate where those images play an important role.”²⁵⁷ The Committee added to this, attributing cultural goods and education both at home and abroad with the promotion of a country’s interests and values internationally.²⁵⁸ Consequently, the Committee appealed to DFAIT for Canada to do more to develop and promote Canadian cultural products internationally, arguing “Canada’s profile abroad is, for the most part, its culture.”²⁵⁹

These sentiments were also echoed in the government’s response to the Standing Committee on Canadian Heritage’s recommendations, acknowledging the importance of culture both domestically and internationally by emphasizing the role of Canadian culture in “building bridges to the world.”²⁶⁰ Through this report, the government built on its commitment to protect and promote Canadian cultural industries as a tool of international relations.

From the recommendations of Special Committees, DFAIT, Canadian Heritage and the Canadian Government, it is evident that the international promotion of Canadian cultural goods was perceived both as a domestic tool of nationalism as well the best way to position Canada within a world of nations. The Canadian government has applied cultural policy as a tool of nation building to unite its fragmented population, to resist American cultural imperialism and to position Canada within a global context.

²⁵⁵ Canada, Parliament, Special Joint Committee Reviewing Canadian Foreign Policy, *Canada’s Foreign Policy: Principles and Priorities for the Future*, 61.

²⁵⁶ Canada, Parliament, Special Joint Committee Reviewing Canadian Foreign Policy, *Canada’s Foreign Policy: Principles and Priorities for the Future*, 63.

²⁵⁷ Canada, Parliament, Special Joint Committee Reviewing Canadian Foreign Policy, *Canada’s Foreign Policy: Principles and Priorities for the Future*, 63.

²⁵⁸ Canada, Parliament, Special Joint Committee Reviewing Canadian Foreign Policy, *Canada’s Foreign Policy: Principles and Priorities for the Future*, 69.

²⁵⁹ John Ralston Saul, as quoted by Henighan, *The Presumption of Culture*, 15.

²⁶⁰ Canada, Canadian Heritage, *Connecting to the Canadian Experience*, 1.

3.3 Periodical Policy as a tool of Nation Building in Canada

Of quite a different magnitude was the magazine press. That press typically constitutes a national medium reaching out to all citizens to convey common ideas, a national awareness, even a sense of identity. In countries like the United States or Canada, without national dailies comparable to England's London newspapers, the importance of vigorous magazines to nation-building is obvious.²⁶¹

Exemplifying the application of cultural policy as a tool of nationalism, the Canadian government has a history of applying legislation to the periodical sector, specifically to unite the population, resist American imperialism, and as part of its foreign policy strategy. This section first outlines the relevance of periodicals as a tool of nation building in the Canadian context before providing a historic overview of legislative assistance provided to the Canadian periodical industry through to the 1990s.

3.3.1 The Role of Periodicals in Canada

The periodical industry in Canada is believed to play a unique, essential role in nation-building, offering not only a medium through which to unite a diverse, fragmented population, but also in offering an accessible domestic alternative to foreign cultural goods. Within the Canadian context, periodicals are perceived to represent the national press outlined by Anderson, offering national commentary that spans geographic and linguistic cleavages. As such, the domestic periodical industry has benefited from cultural protectionism.

First, Audley contends magazines are a primarily national medium, covering a variety of subjects including news, politics and arts.²⁶² This is especially true in Canada, where periodicals are largely attributed with uniting the fragmented population in a manner not accredited to other forms of media.²⁶³ The O'Leary Report reflects this theory, highlighting periodicals' contribution to the "development of national identity" by interpreting Canada to Canadians and bringing "a sense of oneness to our scattered communities."²⁶⁴ The 1970s Special Senate Committee on Mass Media exemplified the political belief in the national implications of newspapers and magazines by emphasising the nation as a collection of people with shared experiences, beliefs and a mutual awareness not only of other citizens but also of the parameters of the nation state. Consequently, the Committee's Report attributed articles and authors as well as the newspapers and magazines in

²⁶¹ Rutherford, *The Making of the Canadian Media*, 45.

²⁶² Audley, *Canada's Cultural Industries*, 54.

²⁶³ Audley, *Canada's Cultural Industries*, 3.

²⁶⁴ Canada, Royal Commission on Publications, *Report: Royal Commission on Publications*, 158.

which they appear in the practice of perpetuating the national principle and propagating the nationalist myth:

A nation is a collection of people who share common images of themselves. Our love of the land and our instinctive yearning for community implant that image in the first place. But it is the media – together with education and the arts – that can make it grow. Poets and teachers and artists, yes, but journalists too. It is their perceptions which help us to define who and what we are.²⁶⁵

Further, the Committee specifically emphasised the importance of the role in fostering national perception to Canada's periodical industry, openly championing magazines' ability to "help foster in Canadians a sense of themselves" as magazines, according to the Committee, represented Canada's only national press.²⁶⁶ The Committee became even more explicit in the level of national importance attached to periodicals when it compared magazines to national infrastructure; "In terms of cultural survival, magazines could potentially be as important as railroads, airlines, national broadcasting networks, and national hockey leagues."²⁶⁷ This sentiment continued throughout the years of Canadian cultural policy development, justifying protectionist cultural policy on nationalist grounds.

Second, it can be argued that Canadian print media is different from audio or visual media as it does not face the same barriers of entry to the market other media do, nor does it face the same challenges once in the market, arguably allowing for a much more tailored, "Canadian" product. Whereas Canadian television and audio are competing with American signals and known programming exemplifying high quality production made for a broader, international audience, periodicals can be produced in small print runs for the domestic market.²⁶⁸

Third, while cinema in Canada is largely controlled by American distributors, periodicals present a more independent avenue, free from the monopolised distribution chains of other media. Consequently, high quality Canadian magazines offering a comparable quality of editorial content can be developed exclusively for

²⁶⁵ Canada, Parliament, Senate, Special Senate Committee on Mass Media, *The Uncertain Mirror: Report of the Special Senate Committee on Mass Media*, Keith Davey, Chair (Ottawa: Information Canada, 1970), 11.

²⁶⁶ Canada, Parliament, Senate, Special Senate Committee on Mass Media, *The Uncertain Mirror: Report of the Special Senate Committee on Mass Media*, 153.

²⁶⁷ Canada, Parliament, Senate, Special Senate Committee on Mass Media, *The Uncertain Mirror: Report of the Special Senate Committee on Mass Media*, 153.

²⁶⁸ For more on the competition of Canadian television programming with foreign programming, see, for example, Collins, *Culture, Communication and National Identity: The Case of Canadian Television*, 250; Grant and Wood, *Blockbusters and Trade Wars*, Introduction; Canada, Task Force on Broadcasting Policy, *Report of the Task Force on Broadcasting Policy*, ed. Gerald L. Caplan and Florian Sauvageau, Chairs (Ottawa: Supply and Services Canada, 1986), 373.

the domestic market without consideration of international appeal. Messages do not have to be homogenised for an international audience as they do in other cultural products dependent on international distribution, such as television or film.²⁶⁹

Magazines therefore offer the potential to reflect a Canadian voice in a manner difficult to do in other forms of popular media.

Thus, although others have noted the importance of television broadcasting regarding the protection and promotion of a Canadian identity, periodicals have maintained a unique position in the government's priorities.²⁷⁰ However, the unique position of Canadian periodicals in terms of national appeal has rendered the sector much more susceptible to foreign competition.²⁷¹ For example, Rutherford describes the presence of American magazines in Canada after the First World War as "an absolute invasion."²⁷² Accordingly, Rutherford argues this led to a campaign by Canadian publishers, puritans and nationalists for a cultural tariff to block the entry of American magazines. As noted by the various Royal Commissions described above, the periodical industry in Canada faces common difficulties shared by other cultural industries, such as competition from overflow American productions. These difficulties have resulted in protection of the industry throughout Canada's history.

3.3.2 Periodical Policy in Canada: An Overview

As outlined above, periodicals have long been considered a pillar of Canadian culture, enjoying both political and consumer support throughout Canada's history. Prior to Confederation, Canadian cultural policy was introduced through the Post Office Act of 1849. The Act stipulated magazines, periodicals, printed pamphlets and newspapers be granted lower postal rates in support of the dissemination of Canadian periodicals given the large geographic area of the country, the scattered population, the correlating cost of distributing cultural products and the encroaching presence of American media.

Even at this early stage in national development, it was deemed essential for Canadians to have access to Canadian perspectives, stories and a shared experience. After Confederation the Post Office Act was reaffirmed, stressing not only the importance of access to Canadian culture despite geographic fragmentation

²⁶⁹ Grant and Wood, *Blockbusters and Trade Wars*, 123-125.

²⁷⁰ See, for example, Collins, *Culture, Communication and National Identity: The Case of Canadian Television*, 36; and Crean, *Who's Afraid of Canadian Culture?*, 21.

²⁷¹ Audley, *Canada's Cultural Industries*, 54.

²⁷² Rutherford, *The Making of the Canadian Media*, 46.

and the cost of cultural dissemination, but also the perceived inherent link between national identity and access to Canadian culture. Although the Post Office Act was modified in its initial stages to include eligibility criteria based on frequency of publication and again notably to eliminate the inclusion of newspapers, it remained in force as one of the foundations of Canadian cultural policy, underscoring the focus on cultural access to Canadian publications.²⁷³

To further assist the Canadian magazine industry, the Income Tax Act made advertising in Canadian magazines tax deductible, thereby directing advertising to domestic publications, strengthening the Canadian periodical industry and retaining revenue in Canada.

Throughout the 1900's the Canadian government continued to monitor the development of perceived threats to Canadian culture. A series of commissioned reports consistently supported the postal subsidies in light of the extraordinary position of Canadian culture as the largest importer of American periodicals in the world, facilitated by close geographic proximity, a shared language and a closely aligned history.²⁷⁴ Canada's position was recognised as unique throughout these reports based on the disproportionate representation of foreign culture in the country.

Canada . . . is the only country of any size in the world whose people read more foreign periodicals than they do periodicals published in their own land, local newspapers excluded.²⁷⁵

American publications have consistently accounted for at least 80 per cent of newsstand sales and a minimum 50 per cent of circulation sales in Canada. This position has encouraged large American publishers to target advertising in the Canadian market with little or no additional cost to the American publisher. A notable example is the Canadian edition of *Time* magazine, introduced in 1943, which was in direct competition with *Maclean's* magazine, the major Canadian news weekly.

²⁷³ The Post Office Act was modified in 1875, and 1882 respectively.

²⁷⁴ Reports condoning continued support for the Postal Subsidy include: Canada, Royal Commission on Publications, *Report: Royal Commission on Publications*; Canada, Royal Commission on Government Organization, *First Report on Progress of the Royal Commission on Government Organization*, J. Grant Glassco, Chair (Ottawa: Queen's Printer, 1961); Canada, Parliament, Senate, Special Senate Committee on Mass Media, *The Uncertain Mirror*; Canada, Royal Commission on Newspapers, *Royal Commission on Newspapers [Report]*, Tom Kent, Chair (Hull, Quebec: The Commission, 1981); Canada, Federal Cultural Policy Review Committee, *Report of the Federal Cultural Review Committee*.

Consequently, the large American presence in the Canadian market has attracted political focus throughout the years. The encroaching presence of the American periodical was again acknowledged in the 1961 Report of the Royal Commission on Publications. In the Report, the government was encouraged to further promote a strong Canadian periodical industry while also being aware of the impact of living next to the rising cultural hegemon and being subject to market overflow.²⁷⁶ To ensure the continued existence of the Canadian periodical, the Royal Commission on Publications recommended a limit of foreign ownership of the Canadian magazine industry.²⁷⁷ Additionally, the Commission recommended the imposition of tariffs for split-run editorial editions.²⁷⁸

Split-run magazines

A split- magazine is a foreign publication that prints a separate edition of a publication with little difference in editorial content but advertising directed at a specific market. This is different from an overflow magazine, which is the same editorial and advertising content regardless of the point of sale.

The Canada Revenue Agency has outlined the following criteria for the classification of a split-run edition of a magazine;

A split-run edition of a magazine is an edition that is distributed in Canada in which more than 20% of the editorial material is the same or substantially the same as editorial material that appears in one or more periodical editions that are distributed primarily outside Canada; and that contains one or more advertisements that do not appear in identical form in those other periodical editions.

Canada, Canada Customs and Revenue Agency, *Excise Taxes and Special Levies Notices*, ETSLA (Ottawa: Revenue Canada, 1996).

Further, the Commission recommended that advertising costs in split-run magazines should not qualify for tax deduction under the Income Tax Act.²⁷⁹ Thus, the Commission effectively directed advertising to Canadian periodicals.

The Commission's recommendations combined with the continuing pace of Canadian consumption of American magazines and increasing presence of foreign periodicals on Canadian newsstands prompted political action. In 1965, the Canadian government enacted Tariff Code 9958, banning the importation of split-run

²⁷⁵ Sandwell, cited in Canada, Royal Commission on National Development in the Arts, Letters and Sciences, *Report of the Royal Commission on National Development in the Arts, Letters and Sciences*, 64.

²⁷⁶ Canada. Royal Commission on Publications. *Report: Royal Commission on Publications*, 7.

²⁷⁷ Canada. Royal Commission on Publications. *Report: Royal Commission on Publications*, 77.

²⁷⁸ Canada. Royal Commission on Publications. *Report: Royal Commission on Publications*, 79.

magazines and periodicals. In conjunction with this ban, the government formally implemented Section 19 of the Income Tax Act, which allowed Canadian companies a tax benefit on advertising costs allocated to a Canadian owned, published and distributed magazine, but excluded the tax deduction if advertising costs were allocated to a foreign publication. Although these two actions restricted additional expansion into the Canadian market by foreign publishers, *Time Canada* was grandfathered as it was already an existing publication and was therefore not affected by the new regulations. To further encourage Canadian consumption of Canadian periodicals, the Government amended the Post Office Act through Bill C-16 in 1968, raising postal rates for foreign publications. This action facilitated Canadian periodicals greater domestic access but did not extend the same privilege to foreign periodicals.

By the end of the 1960's, Canada had effectively banned split-run publications, hindered Canadian advertising in foreign publications and put a levy on the distribution of foreign magazines to Canadian households. In doing so, the government successfully directed Canadian advertising to Canadian periodicals through tax incentives and encouraged subscriptions to Canadian magazines through postal subsidies.

However, despite its best efforts at maintaining and supporting the magazine and periodical industry within Canada while also remaining open to imported material, Canadian periodical legislation would become the subject of international debate with the expansion of *Sports Illustrated* into Canada at the end of the twentieth century. This issue is described in detail in Chapter 4.

3.4 Summary

First, this chapter has outlined the Canadian nation state as a civic nation based on creating a single, polyethnic population from a myriad of national and cultural communities and two official languages. Canada defies Smith's definition, which restricts classification of a nation state to countries with a fully homogenous ethnic and linguistic population.²⁸⁰ Instead, Canada is a model of a single nation spanning a diverse geographic territory united by an ideological commitment and political institutions at a federal level rather than linguistic or ethnic homogeneity.

²⁷⁹ Canada. Royal Commission on Publications. *Report: Royal Commission on Publications*, 78.

²⁸⁰ Smith, *Nations and Nationalism in a Global Era*, 86.

Due to the fact Canada does not fit definitions of the nation state which base their criteria on linguistic or ethnic heritage, and because of Canada's heterogeneous ethnic, linguistic, regional and cultural citizenry, centralised cultural policy takes on a fundamental role in building and maintaining the Canadian nation. Rather, within the Canadian context, political administration unites the population into a civic unit, exaggerating the importance of political legitimacy within Canada.

Within this context, Canadian cultural policy has been developed around three key aims. First, cultural policy has been perceived and implemented as a tool to unite a geographically, linguistically and ethnically diverse population. Second, cultural policy has been touted by Royal Commissions and the government as a tool to resist Americanisation and potential American imperialism to the point of drawing a parallel between military policy and cultural policy in terms of defending Canada from invasion. Finally, cultural policy in Canada has been implemented as a tool to position Canada internationally while continuing to reflect the international context of Canada back to Canadians.

Prime Minister St. Laurent observed Canada has developed an extensive cultural policy to strengthen and develop a unique Canadian cultural output without attempting to impose a national culture on the individual citizen.²⁸¹ Thus, Canada's cultural policy is representative of its ideology – aiming to cultivate a unique identity that unites the population, providing a *shared* experience without requiring a *common* experience.²⁸² This is exemplified in Canada's legislative approach to periodicals. Canada's periodical legislation has focused on promoting an industry to ensure nation-wide accessibility despite complicated distribution given the geographic fragmentation of the population in an attempt to offer a shared experience to Canadians. From its inception, the Post Office Act was intended to unite the population through ensuring accessibility to domestic cultural goods. This ideology has transcended Canadian periodical legislation. Second, legislation has been implemented to ensure space for the development and cultivation of a Canadian periodical industry despite pressure from foreign periodicals, notably overflowing from the United States. While Canada continued to maintain a policy ensuring access to foreign periodicals, it also aimed to protect elements of the market the Canadian industry depended upon, such as advertising revenue. Finally, Canada has implemented legislation aimed at the Canadian periodical industry to

²⁸¹ Ostry, *The Cultural Connection*, 63.

²⁸² Ostry, *The Cultural Connection*, 178.

promote Canada in the world while also reflecting Canada's position internationally back to Canadians. By ensuring the continued existence of Canadian news magazines capable of presenting in-depth coverage of Canadian foreign policy, trade agreements and commentary on international relations which was simply not feasible in broadsheet newspapers, Canadian periodical policy represents the application of protectionist legislation as a tool of nation building.

Chapter 4: The Split-Run Magazine Dispute

This chapter outlines the split-run dispute, first presenting the case. This is followed by an analysis of the Canadian government's response to the American challenge and subsequent WTO ruling. Finally, an overview of the association between these responses to cultural nationalism is presented.

4.1 Overview of the Split-Run Magazine Debate

After years of selling its American edition of *Sports Illustrated* at Canadian newsstands, in January 1993 Time Warner expressed its intention to print *Sports Illustrated Canada*. This announcement presented a myriad of issues for the government and the Canadian periodical industry. First, while the introduction of a Canadian edition of *Sports Illustrated* had the potential to offer previously unavailable Canadian content to the domestic audience, it challenged the government's longstanding position on split-run magazines.

Although in 1993 the introduction of a new split-run magazine to Canada was prevented through Tariff 9958, Time Warner was exempted from the original tariff 9958 on the basis it was an existing publication in Canada (publishing *Time Canada*). After seeking confirmation from the Canadian government that publishing a Canadian edition of *Sports Illustrated* would be considered an expansion of an existing Canadian business (as *Sports Illustrated* was part of *Time*), *Time Canada* proceeded with the launch of *Sports Illustrated Canada*, which included some editorial content for the American market, but targeted Canadian advertisers.

Coinciding with the launch of *Sports Illustrated Canada* the Canadian magazine industry began lobbying against the introduction of split-run magazines, arguing foreign publishers were not only diverting domestic advertising revenue from Canadian publishers, but were able to offer substantially discounted, uncompetitive rates as the cost of editorial content was recouped through the original publication. Thus, publishers argued *Sports Illustrated Canada* could offer discounted space to Canadian advertisers as the cost of the editorial content was recouped in the American edition of the magazine and merely replicated for the Canadian market.²⁸³ Further, the publishers contended they were dependent on Canadian advertising and foreign competition would undermine their continued existence.

Despite industry pressure and vocal lobbying, Revenue Canada confirmed *Sports Illustrated Canada* was a legal publication in Canada under *Time Canada's* grandfathering provision. However, within a week of the inaugural issue of *Sports Illustrated Canada* in March 1993, the Canadian government announced the establishment of a new Task Force on the Canadian Magazine Industry to review the state of the Canadian periodical industry, specifically the effectiveness of the current policy instruments and legislation.²⁸⁴

In July 1993, the Government of Canada issued guidelines under the Investment Canada Act stating an investment by a non-Canadian to publish a periodical in Canada was subject to notification and review. Consequently, a foreign investment in a periodical that was formerly approved, such as *Time Canada* or *Sports Illustrated Canada*, could be reassessed and potentially even be prohibited by the Minister of Industry despite earlier approval of the publication. Again, *Time Canada* Editor Russell alleged *Sports Illustrated Canada* was initially exempted from this legislation as it was an expansion of the existing business of *Time Canada*.²⁸⁵

However, despite legal conformity to the Investment Act, publication of *Sports Illustrated Canada* continued to pose legislative problems. The nature of the printing of *Sports Illustrated Canada* revealed loopholes in Tariff 9958 which prevented the physical importation of split-run periodicals. *Sports Illustrated Canada* was compiled in New York and electronically transmitted to a printer in Ontario, circumventing Canada Customs' authority and setting a precedent for foreign publishers. While the Canadian government considered the ramifications of this discovery, the Canadian publishing industry continued to lobby against split-run editions in Canada including *Sports Illustrated Canada*.

When the Task Force on the Canadian Magazine Industry released its report in 1994, it supported the Canadian publishers, advising against split-run magazines. The Task Force highlighted the interrelationship between circulation, advertising

²⁸³ McCaskill, in telephone discussion with the author, August 25, 2004.

²⁸⁴ In its first submission to the World Trade Organisation the Canadian Government explicitly stated the development of the Task Force was directly motivated by the introduction of *Sports Illustrated Canada* into the Canadian market. For more information see: Canada, Department of Foreign Affairs and International Trade, *Canada - Certain Measures Concerning Periodicals: First Submission* (Ottawa: Department of Foreign Affairs and International Trade, 1996), 8.

²⁸⁵ Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 18, 1998, (Ottawa : The Committee, 1998), <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?SourceId=51478&Lang=1&PARLSES=361&JN=T=0&COM=108> (accessed May 3, 2007)

revenue and editorial content in Canadian periodicals, acknowledging the dependence of quality editorial content that appealed to readers on advertising revenue.²⁸⁶ The Task Force warned split-runs would introduce competition for domestic advertising, thereby posing a real threat to the survival of the Canadian magazine industry and Canadian cultural development.²⁸⁷ This finding led the Task Force to advocate continued protection of the Canadian market:

Should split-runs of foreign magazines enter the Canadian advertising market, some Canadian magazines would simply stop publishing altogether and others, in attempting to stay competitive, would reduce the budget for quality editorial. The number of editorial pages would decrease, and circulation would decline because of the perception that the magazine had lowered its editorial standards of quality. The end result would soon be evident: a downward spiral... The consequences for the Canadian magazine industry and thus for Canadian cultural development would be very serious if steps are not taken to maintain the structural support necessary to continue to meet the government's long-standing policy objective for Canadian magazines of ensuring that they have adequate access to advertising revenues.²⁸⁸

Thus, the Task Force recommended the government continue to ban future split-run magazines as per Tariff Code 9958 and continue to uphold Section 19 of the Income Tax Act.²⁸⁹ Further, the Task Force advocated the imposition of the 80% excise tax on any split-run magazines which transcended the border either through electronic transmission or by any other means that may become available in the future.²⁹⁰

The DOCH implemented these recommendations, introducing new tariffs and regulations in 1995. The new excise tax was applied to the value of all the advertising in a split-run edition and was directed at the publisher or wholesaler of the periodical rather than the advertiser. The tax was "intended to discourage the funding with Canadian advertising revenue of magazines containing little, if any, editorial content developed for the Canadian market."²⁹¹ Initially the government intended to grandfather existing publications according to the number of issues in print annually as per the recommendations of the Task Force. Under this recommendation, *Sports Illustrated Canada* would be grandfathered with its current

²⁸⁶ Canada, Task Force on the Canadian Magazine Industry, *A Question of Balance: Report of the Task Force on the Canadian Magazine Industry* (Ottawa: The Task Force, 1994), v.

²⁸⁷ Canada, Task Force on the Canadian Magazine Industry, *A Question of Balance: Report of the Task Force on the Canadian Magazine Industry*, v.

²⁸⁸ Canada, Task Force on the Canadian Magazine Industry, *A Question of Balance: Report of the Task Force on the Canadian Magazine Industry*, iii-v.

²⁸⁹ Canada, Task Force on the Canadian Magazine Industry, *A Question of Balance: Report of the Task Force on the Canadian Magazine Industry*, 61.

²⁹⁰ Canada, Task Force on the Canadian Magazine Industry, *A Question of Balance: Report of the Task Force on the Canadian Magazine Industry*, 64.

²⁹¹ Canada, Department of Foreign Affairs and International Trade, *Canada - Certain Measures Concerning Periodicals: First Submission*, 10.

annual publication of six issues and would be liable to the 80% tax on any additional issues it published.²⁹²

The government implemented the recommendations of the Task Force in 1995, restricting split-runs on the basis that they endangered the domestic periodical industry and therefore posed a threat to Canada's cultural identity. However, the government did not grant *Sports Illustrated Canada* a grandfathering provision under the excise tax. Consequently, the publication was subjected to an 80% excise tax on all issues published.²⁹³ In fact, when implementing the regulations, split-run publications were only exempt from the tax according to the number of issues published in Canada during the twelve-month period ending 26 March 1993, the month, coincidentally, that *Sports Illustrated* began publishing its Canadian split-run edition.²⁹⁴ As a result, the only foreign publications that qualified for exemption were existing grandfathered publications *Reader's Digest* and *Time Canada*.

In response to this action, U.S. Trade Representative Mickey Kantor alleged Canada was protecting commercial interests rather than cultural interests as the regulation restricted Canadian advertising rather than Canadian exposure to foreign cultural goods.²⁹⁵ The Canadian government responded it was merely protecting itself from unfair practices such as dumping of editorial content.²⁹⁶ While this war of words was being exchanged, reality struck the bottom line. The new legislation rendered publication of *Sports Illustrated Canada* economically unfeasible. Despite initial intentions to roll *Sports Illustrated Canada* out to a weekly publication, printing of the publication ceased in 1995 and the previous method of selling the imported American version of *Sports Illustrated* on Canadian newsstands on a delayed basis returned.

²⁹² Canada, Task Force on the Canadian Magazine Industry, *A Question of Balance: Report of the Task Force on the Canadian Magazine Industry*, Chapter 7.

²⁹³ Terrance J. Thomas, *Bill C-55: An Act Respecting Advertising Services Supplied by Foreign Periodical Publishers*, Legislative Summary LS-323E (Ottawa: Library of Parliament Research Branch, 1998), Appendix; Russell, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 18, 1998.

²⁹⁴ Canada, Canada Customs and Revenue Agency, *Excise Taxes and Special Levies Notices*, ETSLA (Ottawa: Revenue Canada, 1996), <http://www.cra-arc.gc.ca/E/pub/et/etsl29a/etsl29a-e.html> (accessed May 15, 2007).

²⁹⁵ Richard W. Stevenson, "U.S. to Fight Magazine Ad Tax by Ottawa," *New York Times*, March 11, 1996, *New York Times*, <http://query.nytimes.com/gst/fullpage.html?res=9D04E0DC1039F932A25750C0A960958260&sec=&sp on=&pagewanted=all> (Accessed April 25, 2007).

²⁹⁶ Anthony Depalma, "World Body Opposes Canadian Magazine Tariffs", *New York Times*, January 20, 1997, *New York Times*, <http://query.nytimes.com/gst/fullpage.html?res=9902EEDB133BF933A15752C0A961958260>, (Accessed April 25, 2007).

Thus, the split-run magazine dispute began. Time Warner initiated the challenge, lobbying the American government and complaining about unfair Canadian practices, alleging Canada granted preferential treatment to domestic periodicals evidenced by higher postal rates for foreign publications. The American government argued that split-runs were penalized under Tariff 9958 and its amendments, which restricted access to Canadian advertisers and resulted in higher postal rates for split-runs.²⁹⁷ Canada defended its action arguing American publishers offered uncompetitive, low rates which would divert funds from Canadian publishers who could not feasibly undercut existing rates. Canadian publishers argued that they were operating at a marginal profit which barely sustained the industry as they already competed for readership with American magazines widely available in Canada. The publishers argued that if American publishers could access Canadian advertising in addition to the Canadian consumer, Canadian periodicals would cease to exist, as publishers would not be able to offer advertising services at a comparable, discounted cost. The DOCH and the publishers also argued split-runs were tantamount to dumping as Canadian editions copied editorial content from the original American publication. This allowed American publishers to offer lower advertising spots to Canadian advertisers than Canadian publishers could as the split-runs did not necessitate additional editorial costs:

The problem for Canadian publishers is that split-runs are cheap. With most of its editorial costs already covered in the United States, a split-run *Sports Illustrated* can offer a page to advertisers for one-quarter the price of a mainstream Canadian magazine such as *Macleans*: In spring 1993, space for a full-page, four-colour advertisement in *Sports Illustrated* was selling for \$6,250, as compared with the *Macleans*' rate of \$25,400.²⁹⁸

Therefore, Canadian publishers argued American interest in the Canadian market was motivated on a purely financial basis. The DOCH further advocated the requirement of a magazine policy that ensured Canadian access to Canadian content, acknowledging "Canadian publishers must be able to compete successfully for the advertising revenues available in the Canadian market" to meet this objective.²⁹⁹ Thus, Canadian magazine policy was aimed at ensuring Canadian publishers retained exclusive access to Canadian advertising revenue.

²⁹⁷ Nicholas Stein, "Magazine Trade Wars," *Columbia Journalism Review*, January/February 1999, <http://archives.cjr.org/year/99/1/canada.asp> (accessed April 25 2007).

²⁹⁸ Edward Isreal, *Final Editions? Split-Run Editions and Canada's Ailing Magazine Industry* (Toronto: Ontario Legislative Library, Legislative Research Service, 1993), 1.

²⁹⁹ Canada, Canadian Heritage, "New Advertising Services Measure to Promote Canadian Culture."

Throughout this debate, each party believed their position was correct, their actions justified and were therefore fully assured of their own conviction and not open to criticism or mediation. The policies implemented by Canada against split-run magazines, however, were inconsistent with GATT obligations as they represented quantitative restrictions on magazine imports. In fact, throughout the decades of imposing Tariff 9958, Canada's action was in direct opposition with its GATT obligations and could have been challenged at any point.³⁰⁰ Thus, when the legislation became problematic for major American publishers in the 1990s, the United States disputed the legality of the excise tax at the WTO. Additionally, the U.S. challenged the tariff and Canada's existing postal subsidy that allowed Canada Post to offer Canadian publishers a lower domestic postal rate than they offered foreign publications, arguing there was a difference in treatment between Canadian and foreign publications.³⁰¹ The Canadian government, however, argued that Canadian cultural industries are distinct based on their impact on national identity and therefore require protection. Canada defended its position on the basis that domestic magazines were vehicles for Canadian editorial content and advertising services and therefore domestic periodicals were not comparable to foreign periodicals as the editorial content was qualitatively different.³⁰² Further, Canada argued that the excise tax did not contravene Canada's GATT commitments as the tax was directed at advertising *services* and was therefore subject to GATS, under which Canada had not made any commitments regarding advertising.³⁰³

The WTO, however, did not share Canada's perspective that domestic periodicals are inherently different from foreign periodicals, or that Canada was targeting a service rather than a good. In 1997 the dispute panel ruled in favour of the United States on the basis that, as a quantitative restriction on imports, the excise tax contradicted Canada's GATT commitments. The tariff was not required to ensure Canadian compliance with the restriction of advertising in split-run periodicals, and according to the WTO, the ability of a member party taking measures to protect its cultural identity was not at issue in the case.³⁰⁴ Further, the WTO appellate body ruled in favour of the United States regarding the contested postal rates, citing discrimination against foreign publications. Canada appealed the ruling on the

³⁰⁰ McCaskill, in telephone discussion with the author, August 25, 2004.

³⁰¹ United States, Office of the United States Trade Representative, "United States Prevails in WTO Case Challenging Canada's Measures Restricting U.S. Magazine Exports," *Press Release*, March 14, 1997, no. 97-22.

³⁰² McCaskill, in telephone discussion with the author, August 25, 2004.

³⁰³ Canada, Department of Foreign Affairs and International Trade, *Canada - Certain Measures Concerning Periodicals: First Submission*, Summary.

excise tax, claiming the tax was aimed at advertising services rather than tangible goods. In the appeal, the WTO appellate body maintained its stance, deeming the case fell entirely within the remit of the GATT. The postal subsidy was also disallowed in the appellate ruling on that basis that it was not a direct subsidy to the publishers, but rather was imposed through a third party (Canada Post) which then offered the discounted rates to Canadian publications while maintaining higher charges for foreign periodicals. The WTO tasked the Canadian government with redesigning its cultural legislation by October 1998.³⁰⁵ These rulings set a precedent for the future of cultural policy in a global context, eliminating the support structure for Canada's domestic periodical industry.

The WTO ruling against domestic protectionist cultural policy set an international precedent, sending a message to other countries defending protectionist cultural policy. In response to the WTO rulings, American Trade Representative Barshefsky commented that the ruling represented more than one edition of a split-run, citing the increasing global trade of cultural goods and services. Barshefsky further warned that protectionist measures of cultural sectors either by Canada or by other countries would be met with similar challenges.³⁰⁶

Further, the Office of the USTR warned it did not perceive the defence of 'culture' as justification of protectionist policy but rather implied Canada used it as a "pretence for discriminating against imports."³⁰⁷ The split-run dispute and consequent WTO ruling sent a message to other countries that cultural policy was now subject to American challenge with potential of this challenge being upheld by the WTO.

4.2 The Canadian Response

The WTO ruling forced a review of the relevance of Canadian policies within the context of globalisation and international trade agreements. In 1998 Canada issued a statement regarding the WTO ruling and announced it would remove tariffs "prohibiting the importation of 'split-run magazines'" and eliminate the excise tax on

³⁰⁴ Canada, Canadian Heritage, "New Advertising Services Measure to Promote Canadian Culture."

³⁰⁵ Canada, Canadian Heritage, "New Advertising Services Legislation Tabled," *News Release*, October 8, 1998, http://www.pch.gc.ca/newsroom/index_e.cfm?fuseaction=displayDocument&DocIDCd=8NR098 (accessed April 25, 2007).

³⁰⁶ United States, Office of the United States Trade Representative, "United States Prevails in WTO Case Challenging Canada's Measures Restricting U.S. Magazine Exports."

³⁰⁷ United States, Office of the United States Trade Representative, "United States Prevails in WTO Case Challenging Canada's Measures Restricting U.S. Magazine Exports."

split-run magazines.³⁰⁸ In this news release, Canada announced it would review existing legislation in terms of postal subsidies. Second, Canada announced it would review the legislation restricting split-run publications with the intention of restricting the ability to sell advertising services aimed at the Canadian market to Canadian publishers. Third, Canada announced it would review the subsidies and support available to the Canadian publishers. Finally, the government announced it would initiate an international network on culture, fostering support and initiating discussion on cultural issues on an international level. Canada was aware, however, that it could not retain a domestic periodical industry without protection against foreign competition.

Canada removed protections restricting split-run magazines access to the Canadian market. In addition to removing the tariffs and the excise tax, Canada initiated a review of postal rates for foreign periodicals. The only restriction remaining in place affecting split runs was section 19 of the Income Tax Act, which stipulated that advertising expenses in foreign publications directed at Canadians would not be applicable for tax deduction.³⁰⁹

4.2.1 The Publications Assistance Program

First, Canada had to review one of the mainstays of its protectionist cultural legislation. The Postal Subsidies Act had been implemented with the aim of maintaining minimal distribution costs for domestic publications despite potentially high distribution costs given the vast geography. This, in turn, ensured Canadian access to Canadian publications. This subsidy went to the heart of Canadian cultural legislation, in that the policy was intended to encourage the trade of foreign cultural goods while ensuring all Canadians had access to publications reflecting Canadian stories and perspectives. The publishers argued that without the subsidy they would face financial hardship and may be forced to abandon some publications.

In October 1998 the Canadian government revised the postal subsidy, replacing the previous subsidy with the Publications Assistance Program.³¹⁰ This programme

³⁰⁸ Harrison, Young, Pesonen and Newell Inc., "Predicting Canadian Advertising Reaction to Foreign Magazine Incursion (Final draft)", 1998 (study for Department of Canadian Heritage; obtained by author from Canadian Heritage through AIR; see Appendix B, Ref 26).

³⁰⁹ Canada, Canadian Heritage, "New Advertising Services Measure to Promote Canadian Culture," (To be classed as Canadian under the Income Tax Act a publication had to be 75% Canadian owned with 80% original editorial content.)

³¹⁰ Canada, Canadian Heritage, "Publications Assistance Program (PAP) – 1998-99 Activity Report," Canadian Heritage,

directly assisted the publishers rather than using Canada Post as an intermediary, eliminating the element of the original subsidy that contradicted Canada's GATT commitments. In doing so, the Canadian government could continue to subsidise the high distribution costs of Canadian periodicals while complying with trade commitments. Although it could be argued that this subsidy continued to support different treatment for foreign periodicals, it was not subject to international review as *direct* subsidies to cultural industries were permitted within the GATT/GATS agreements.

4.2.2 Bill C-55

After finding a solution to the postal subsidies, the Canadian government was left with the question of how to address the presence of split-run magazines given the predicted ramifications on the domestic periodical industry if foreign publications were granted unfettered access. The publishers were continuing discussions with the Canadian government on the predicted impact of split-runs, lobbying for government action as loss of advertising revenue to split-run publications would allegedly result in a downward spiral for the domestic publishing industry. According to a 1998 study by Harrison, Young, Pesonen, and Newell Inc (HYPN), the worst-case scenario predicted financial hardship for a "significant list" of Canadian publishers within five years of unrestricted foreign access to the Canadian market.³¹¹

On Oct 8, 1998, Canadian Heritage Minister Sheila Copps tabled the first version of a proposed legislative solution in the form of Bill C-55, which prohibited the sale of advertising space in split-runs to Canadian advertisers. The bill was introduced so that "only Canadian publishers will be permitted to sell advertising directed at the Canadian market"³¹² Consequently, Canadian companies wishing to advertise in a foreign publication would have to advertise in the original edition of that magazine. For example, if Canadian Tire, a Canadian hardware store that did not have branches in the United States wished to advertise in the American owned *Popular Mechanic* magazine, the ads had to be in an edition that would be distributed in the original form throughout both Canada and the United States. Accordingly, Canadian Tire would face higher advertising costs to reach a market, which, for the large part, was not relevant. Further, if *Popular Mechanic* developed a split-run edition of the

http://www.canadianheritage.gc.ca/progs/ac-ca/progs/pap/pubs/report-rapport/rpt98-99_e.cfm (accessed April 25, 2007), Background.

³¹¹ Harrison, Young, Pesonen and Newell Inc., "Predicting Canadian Advertising Reaction to Foreign Magazine Incursion (Final draft)" (study for Department of Canadian Heritage; obtained by author from Canadian Heritage through AIR; see Appendix B, Ref 26), 5.

³¹² Canada, Canadian Heritage, "New Advertising Services Legislation Tabled"

magazine for sale only in Canada, featuring new editorial content aimed at Canadians, written and produced by Canadians, Canadian Tire would be restricted from advertising in that publication despite the obvious appeal of effectively reaching their target audience. Further, advertisements in Canadian magazines would be tax deductible whereas advertisements in foreign publications would not under the longstanding Income Tax Act. Both the government and the publishers argued the proposed bill would only restrict foreign publishers rather than Canadian advertisers as they could still advertise in Canadian publications. To enforce this legislation, any foreign publishers violating the new legislation would be subject to substantial fines and could be tried under Canadian law. Within the provisions of the bill, existing split-runs would be grandfathered but would be limited in the quantity of Canadian advertising they could pursue to the market share they had at the inception of the legislation. Bill C-55 was thought to be WTO consistent as it applied the tax to the advertising services component of the magazine rather than to the magazine itself.

In response, Time Warner argued that the provisions of the bill regarding grandfathered publications did not protect its business interests, but rather restricted growth. Time argued it could not try to achieve a higher percentage of the Canadian advertising market even if they offered a product that was more appealing to the advertisers as upon inception of Bill C-55 it would be capped at its current share of the market.³¹³ Echoing the USTR allegation that Canada's protectionist stance was aimed at putting Time Canada, Ltd. out of business, Time Warner argued it was the only company subject Bill C-55.³¹⁴ Reader's Digest, the only other grandfathered publication, had restructured to be classed as a Canadian publication. Time categorised the Bill as "deterrent legislation, with draconian provisions intended to make foreign publishers think twice before creating a Canadian edition."³¹⁵ U.S. Trade Representative Barshefsky was also very vocal in her disapproval of the Bill, claiming Bill C-55 was indicative of "longstanding anti-competitive policies, channelling magazine advertising revenues to Canadian-owned publishing

³¹³ Russell, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 18, 1998.

³¹⁴ Russell, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 18, 1998; United States, Office of the United States Trade Representative, "United States Prevails in WTO Case Challenging Canada's Measures Restricting U.S. Magazine Exports."

³¹⁵ Russell, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 18, 1998.

companies” and was “protectionist”.³¹⁶ Consequently, Barshefsky announced the United States would pursue another challenge at the WTO or through NAFTA if the legislation was enacted.³¹⁷ Further, the American government stated its goal was to allow foreign publishers non-penalised access to 25% of the Canadian advertising market before a Canadian content requirement, or rather up to 25% of advertising in direct split-runs.

The Association of Canadian Advertisers was also against the proposed bill, as was an opposition party (Reform), both of whom argued Bill C-55 was contradictory to the Canadian Charter of Rights and Freedoms as it suppressed freedom of expression. The Bill would restrict the avenues available to Canadian advertisers to reach their target market in the most effective manner by forcing companies advertising in periodicals to use Canadian magazines, even if Canadian magazines did not target the desired market segment as effectively as split-runs. This opposition noted it was inconceivable for a company such as Canadian Tire to consider advertising in lifestyle magazine *Toronto Life* or the Canadian fashion magazine *Flare* as a result of restrictions prohibiting advertising in a Canadian edition of *Popular Mechanic*.

In support of the bill, however, both the DOCH and the Canadian publishing industry continued to argue that without some degree of protection from foreign publishers, the Canadian periodical industry would not be sustainable. As a result, Canadian periodical content would be jeopardised. The publishers argued that any concession regarding market access would be fatal to their operations, citing the potential impact on *Canadian Geographic* as an example. For example, *Canadian Geographic* published six issues a year and had a subscription base of 250,000 while *National Geographic*, its American competitor, published 12 issues a year and had a subscription base of 680,000 in Canada. Based on the similar content, a Canadian advertiser wishing to advertise in a geography magazine would most likely choose to advertise in a Canadian edition of *National Geographic* to reach a wider audience. If Canada allowed American publishers their desired 25% access; 10% of *National Geographic* advertising space would represent two thirds of *Canadian Geographic* advertising space.³¹⁸ Further, Maclean Hunter Publishing claimed in an

³¹⁶ United States, Office of the United States Trade Representative, "United States to Take Trade Action if Canada Enacts Magazine Legislation," *Press Release*, October 30, 1998, <http://www.ustr.gov/regions/whemisphere/canada/releases.shtml> (accessed March 3, 2002).

³¹⁷ United States, Office of the United States Trade Representative, "United States to Take Trade Action if Canada Enacts Magazine Legislation."

³¹⁸ Shawn McCarthy, "Magazines Fear For Their Survival," *Globe and Mail* (Canada), May 25 1999.

article that if the 13 American women's magazines that already had a consumer base in Canada (sold more than 50,000 copies in Canada) had access to 17% of the advertising market, that 17% represented more than half the advertising for the entire Canadian women's magazine market.³¹⁹ According to their calculations, the 13 American women's magazines contained approximately 19,000 pages of advertising, 18% of which was over 3,400 pages of potential Canadian advertising. This contrasted with the existing Canadian *total* amounting to 4,800 pages for the same market sector. Canadian publishers argued Canadian women's magazines could potentially lose over 3,000 pages of advertising to their American competitors if foreign publishers were allowed limited access to the Canadian advertising market, leaving the entire Canadian women's magazine sector with only around 1,800 pages, which was not enough to sustain operations.³²⁰ Copps, in her briefing to the Standing Committee on Canadian Heritage for discussion of Bill C-55 further outlined the issue as follows:

American magazine publishers benefit from economies of scale that are unthinkable for Canadian publishers, who work in a market that is much more limited, and even more limited as far as French-language publications are concerned. Because American publishers have high print runs, their unit production costs are lower.

American magazines that pour into the Canadian market, without their publishers really having to commit additional money, are selling at the same price as in the United States or at a lower price. Canadian magazines are therefore at a clear disadvantage.³²¹

Bill C-55, however, aimed to prevent such an event by banning advertising in split-runs, thereby restricting any foreign access to the Canadian advertising market and allowing Canadian publishers to continue as before by eliminating the competition posed by split-run magazines.

While these debates ensued, Canada and the United States began closed-door bilateral negotiations regarding alternatives to Bill C-55. The United States was threatening retaliatory action through the WTO or NAFTA if Canada implemented Bill C-55. Within NAFTA Canada had maintained the right to cultural exclusion, reserving the right to protect cultural industries. The U.S. on the other hand,

³¹⁹ Shawn McCarthy, "Magazines Fear For Their Survival"

³²⁰ Heather Scofield, "Publishers Greet Split-Run Deal With Dismay," *Globe and Mail* (Canada), May 27 1999.

³²¹ Copps, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 17 1998, (Ottawa : The Committee, 1998)
<http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?SourceId=51447&Lang=1&PARLSES=361&JNT=0&COM=108> (accessed May 3, 2007).

reserved the right to impose tariffs of equivalent commercial effect on Canadian goods. Rather, Canada had the right to support its cultural industries without being penalised by a tribunal or contravening its commitments under the trade agreement, but equally it faced comparable financial penalties that could be directed at any sector by the United States. With the impending implementation of Bill C-55, the United States threatened to impose tariffs on unrelated industries such as steel, lumber, textiles and plastics to a disproportionate amount. While Canada was restricting American access to approximately \$150 million worth of advertising contracts, the Americans were threatening trade sanctions on the major industries amounting to over \$4 billion annually.³²² The case of the split-run magazines tested the exemption, demonstrating its limitations and the ambiguity of the retaliation clause, leaving the scope of both open to interpretation. As McCaskill noted, although the cultural exemption clause was legally sound, it could be rendered ineffective by threats, regardless of their validity.³²³ In addition to international challenges to its cultural policies, the blanket protection for Canadian culture under NAFTA was ineffective.

Although Canada was confident the proposed Bill C-55 complied with both WTO and NAFTA commitments, the government did not wish to push the United States to a trade war and continued bilateral negotiations.

Although Bill C-55 was passed in the House of Commons after three readings and was presented to the Senate for consideration in the early part of the year, it was withdrawn in May 1999 as Canada and the U.S. signed a treaty specifying a bilateral agreement. The agreement permitted minority foreign ownership of a Canadian periodical and permitted incremental allowances of Canadian advertising in split-runs, allowing 12% of advertising in a split-run periodical to be Canadian in the first year, 15% in the second year and 18% in the third year and thereafter.³²⁴ Therefore, after the third year a foreign publisher could not offer more than 18% of

³²² Anne McCaskill in telephone discussion with the author, August 25, 2004. Advertising figures were substantiated by figures from the Leading National Advertisers. However, much larger figures, (\$250 million for advertising versus over \$1 billion/day in trade sanctions) were cited by Mark, Canada, Parliament, *Debates of the House of Commons of Canada (Hansard) [electronic resource]*, No. 178, 36th Parliament, 1st Session (February 10, 1999), Ottawa: House of Commons, 1999.
<http://www2.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&Parl=36&Ses=1&DocId=2332885> (accessed April 23, 2007)..

³²³ Anne McCaskill in telephone discussion with the author, August 25, 2004.

³²⁴ Canada, Canadian Heritage, "Ottawa and Washington Agree on Access to the Canadian Advertising Services Market " *News Release*, May 26, 1999,

advertising space in a periodical to Canadian advertisers unless it created a business in Canada and produced a magazine with a majority of Canadian content.

As a result of these concessions, the United States agreed not to take punitive action in response to the proposed Bill C-55 under the WTO, NAFTA or the FTA. Meanwhile, Canada maintained the right to support mailing costs of Canadian magazines and community newspapers, as well as claiming the right to provide assistance to the Canadian magazine publishing industry through the form of direct subsidies. Canada also conceded tax deductions for domestic advertising in foreign magazines, allowing a 50% tax deduction for advertising in foreign periodicals and could increase to 100% if the foreign periodical contained over 80% Canadian editorial content.³²⁵

However, there was concern in the Canadian House of Commons that Canada had surrendered its cultural exemption in the bilateral agreement, despite government assurances that the cultural sector was protected. Regardless, the settlement was significant in that it represented the first major challenge of the effectiveness of the cultural exemption in NAFTA that Canada had sought so hard to include in the agreement. A precedent had now been set for future cultural deliberations with the United States. Within Canada, the Liberal government was accused of surrendering Canada's stance for little or nothing in return with critics arguing "the U.S. basically was handed a market access benefit to what many see as a very important services market outside the context of a trade negotiation and without paying for it."³²⁶

The publishers also expressed their disappointment in the settlement. Although up to 18% of advertising in split-run magazines could originate in Canada, the publishers again argued the figure was skewed in relation to the Canadian industry, given the size of the American industry. This subject was also raised in the House of Commons, where an opposition member noted:

The United States has 19 women's magazines, containing 19,000 pages of advertising. If these foreign publishers sold 18% of their magazine pages in Canada, they could sell 3,400 pages. The principal Canadian magazines for women, however, contain a total of 4,800 pages of advertising. That means that 18% of the pages set aside for advertising by the United States represent 63% of the

http://www.pch.gc.ca/newsroom/index_e.cfm?fuseaction=displayDocument&DocIDCd=9NR029
(accessed April 24, 2007).

³²⁵ Canada, Canadian Heritage, "Ottawa and Washington Agree on Access to the Canadian Advertising Services Market."

³²⁶ Anne McCaskill in telephone discussion with the author, August 25, 2004.

pages of advertising in Canadian magazines.³²⁷

Regardless of the criticism, Copps celebrated the precedent set by the agreement in which the United States, for the first time in an international trade agreement, recognised the right of a country to stipulate cultural requirements in trade negotiations. The *Washington Post* also highlighted this achievement, reporting for the first time the U.S. acknowledged that foreign countries could take protectionist measures to limit foreign access to domestic markets in an attempt to protect local cultural industries, specifically citing the Canadian magazine industry.³²⁸ For the first time, the U.S. was bound by an agreement requiring it to surrender the option of imposing retaliatory tariffs in the future.

The outcome of the split-run dispute resulted in two new areas of concern for the DOCH. First, the Department had to develop a strategy for continued protection of the domestic periodical industry against foreign competition for advertising revenue that was compatible with Canada's various international trade commitments. Second, the Department had to develop a strategy to garner support for its cultural stance on an international level to gain support in future cultural deliberations.

4.2.3 The Canadian Magazine Fund

In conjunction with the announcement of the bilateral agreement, the DOCH announced the intention to develop a subsidy program for the Canadian publishing industry to counteract any lost advertising revenue. In December 1999 the DOCH introduced the Canadian Magazine Fund, an initiative aimed at assisting in the creation of Canadian magazines with high editorial content. The new fund was intended to "support the production of high levels of Canadian content while strengthening the long-term competitiveness of the Canadian magazine publishing industry,"³²⁹ ensuring Canadian access to Canadian stories in a wide variety of magazines.

The official mandate of the CMF was to build capacity within the magazine industry through industry support. This necessitated not only ensuring magazines could continue to afford to produce high quality editorial content, but also required increased audience exposure and access to Canadian periodicals, enhanced quality

³²⁷ Dumas, Canada, Parliament, *Debates of the House of Commons of Canada (Hansard) [electronic resource]*, No. 241, 36th Parliament, 1st Session, June 9, 1999, (Ottawa: House of Commons, 1999), <http://www2.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&Parl=36&Ses=1&DocId=2332948> (accessed April 23, 2007).

³²⁸ Steven Pearlstein, "U.S. Canada Resolve Dispute: Deal Allows Americans Inroads in Neighbor's Magazine Market," *Washington Post*, May 27, 1999.

and diversity of Canadian magazines and improved infrastructure for the industry. To carry out these objectives, the CMF comprised four components – Support for Editorial Content (SEC); Support for Business Development for Small Magazine Publishers (SBDSMP); Support for Industry Development (SID); and Support for Arts and Literary Magazines (SALM).³³⁰ The SEC component was most accessible to publishers, in that it aimed to “help nurture and develop editorial content, ensuring Canadian readers have high-quality choices in the domestic magazine market by assisting eligible Canadian publishing firms offset the cost of producing Canadian content in paid circulation Canadian magazines” (Canadian Heritage, 1999). Thus, the objective of the SEC was to promote Canadian content in magazines sold in Canada.

The SEC was designed to be a direct subsidy to publishers meeting eligibility requirements relating to ownership, content and publication. To qualify a publisher had to have majority Canadian ownership, be based in Canada and respect contractual agreements with its authors. To qualify as an eligible publication, magazines had to be edited, assembled, published and printed in Canada. They also had to contain a minimum average of 80% Canadian editorial content and have a minimum paid circulation of 50% of the total magazine’s circulation in addition to meeting eligibility criteria based on size. Further, the Minister of Canadian Heritage would have discretionary power over all decisions and could refuse assistance despite a magazine meeting eligibility criteria.³³¹

Upon meeting the eligibility requirements, the value of the SEC subsidy would be based on a formula-driven allocation of funding based on the magazine’s total editorial expenditure as it related to Canadian content compared to all participating magazines’ total eligible expenditures on Canadian editorial content. Eligible costs included costs directly relating to publishing the magazine, such as authors’ and editors’ salaries (capped at \$100,000 each) travel, research, copyright, and office expenses related to Canadian content. Ineligible costs included capital and administrative costs, costs relating to any content that was not Canadian, publishing costs (such as paper, binding, printing), and costs relating to the development and maintenance of a website.

³²⁹ Canada, Canadian Heritage, “New Magazine Fund to Benefit Canadian Publishers”

³³⁰ Canada, Canadian Heritage, “Canada Magazine Fund (CMF)”, Canadian Heritage, http://www.pch.gc.ca/progs/ac-ca/progs/fcm-cmf/index_e.cfm (accessed September 13, 2004).

³³¹ Canada, Canadian Heritage, “Canada Magazine Fund (CMF)”

Beginning in 2000, the CMF aimed to provide \$150 million over three years to Canadian magazine publishers.³³² The CMF met all international trade requirements and commitments as it was a direct government subsidy to indigenous cultural development. However, the subsidy was dependent on annual government review and budgets, making long-term forecasts for the publishers difficult and adding some degree of volatility to the industry.

4.2.4 The International Network on Cultural Policy

The American challenges to Canadian cultural policy caused Canada to consider its options not only in terms of domestic cultural policy, but also in terms of international support. It was becoming evident that Canadian cultural policy would continue to be under attack in a globalising world bound by trade agreements and international markets. Additionally, Canada was the largest importer of American cultural goods and services and its protective policies set a precedent for other nations resisting American cultural infiltration. Consequently, Canada began to seek diversified support for the international trade of cultural goods. If the United States could use Canada to set a precedent on an international level restricting cultural policy then Canada could also use its own position to set a precedent on the importance of national cultural identity in a global era. The split-run dispute acted as a catalyst prompting Canada to begin international consultations on cultural diversity and related global threats.

At the height of the split-run magazine dispute in 1999, a government select committee of private sector advisors from various cultural industries throughout Canada (including publishers), released a commissioned study. This study by the Cultural Industries Sectoral Advisory Group on International Trade acknowledged the increasingly difficult position of domestic cultural policy in light of additional restrictions through international trade agreements and negotiations.³³³ In response, it suggested a shift away from cultural exemption to a new strategy of cultural protection that took into account globalisation and trade liberalisation. Within the context of the WTO's decision in favour of the United States in the split-run dispute and the increasing pressure being applied to Canada to relax cultural legislation, the SAGIT believed the case of the split-run magazine was merely representative of many future challenges to cultural policy. Therefore, the SAGIT recommended the

³³² Canada, Canadian Heritage, "Canada Magazine Fund (CMF)"

³³³ Canada, Cultural Industries Sectoral Advisory Group on International Trade, *New Strategies for Culture and Trade, Canadian Culture in a Global World [electronic resource]*, (Ottawa: The Group, 1999), <http://www.international.gc.ca/trade-agreements-accords-commerciaux/fo/canculture.aspx?lang=en> (accessed May 22, 2007).

development of a new international instrument that would “specifically address cultural diversity, and acknowledge the legitimate role of domestic cultural policies in ensuring cultural diversity.”³³⁴ Additionally, the SAGIT recommended the development of a new international cultural network to promote multilateral support for cultural independence and diversity by advocating cultural goods be treated distinctly from other traded commodities.³³⁵

This report was closely followed by the Standing Committee on Canadian Heritage’s report “A Sense of Place, A Sense of Being” which endorsed the recommendations of the SAGIT. The Standing Committee recommended first that Canada develop a new international instrument that would govern the trade of cultural products, ensuring the protection and promotion of cultural diversity in conjunction with other states (Recommendation 28). Second, the Committee recommended that cultural expression and diversity become priorities in the foreign policy and international trade agendas (Recommendation 29). Third, that the DOCH develop a group modelled on the SAGIT to advise on issues affecting culture (Recommendation 30).³³⁶ These recommendations were accepted by Canadian Heritage in 1999.³³⁷

In 1998, Heritage Minister Sheila Copps invited cultural ministers from a variety of countries for a roundtable discussion on culture in a globalising world. The intention of the meeting was to determine the importance of culture to other nations, identify shared cultural objectives, and to bring the issues surrounding the global trade of culture and the consequent ramifications on diversity into a global forum.³³⁸ The discussion was met with enthusiasm from other countries, resulting in the decision to continue to pursue international cultural objectives. These would be pursued through the development of the International Network on Cultural Policy in 1999 and the intention to discuss cultural policy objectives in the context of international trade and increased technology at consequent annual conventions. The issues concerning the INCP included the disparity between rich and poor technological countries, restriction of access to communicate national sentiments, the

³³⁴ Canada, Cultural Industries Sectoral Advisory Group on International Trade, *New Strategies for Culture and Trade, Canadian Culture in a Global World* [electronic resource].

³³⁵ Canada, Cultural Industries Sectoral Advisory Group on International Trade, *New Strategies for Culture and Trade, Canadian Culture in a Global World* [electronic resource].

³³⁶ Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *A Sense of Place - A Sense of Being* [electronic resource], Recommendation 30.

³³⁷ Canada, Canadian Heritage, *Connecting to the Canadian Experience*, 14, 49-51.

³³⁸ Canada, Canadian Heritage, “Ministers From 22 Countries Expected at Ottawa Meeting on Culture,” *News Release*, June 24, 1998, http://www.pch.gc.ca/newsroom/index_e.cfm?fuseaction=displayDocument&DocIDCd=8NR039 (accessed April 25, 2007).

commoditisation of cultural goods and the loss of state autonomy in addressing cultural issues.³³⁹ Notably, the American focus on the Canadian split-run dispute challenged the long-term perception that culture could be treated as a separate sector justifying special treatment. The split-run dispute indicated that the United States was no longer willing to accommodate such perceptions, and would treat the trade of cultural goods as it would any other commodity under GATT obligations. The ruling of the WTO also set a precedent that cultural sectors did not justify special treatment based on the decision that a nation's culture was not jeopardised by foreign cultural imports.

Throughout the inception of the INCP, Copps related its development to the recent challenge to Canadian cultural policy, indicating that the development of the INCP was linked to the increasing international pressure to abandon domestic cultural policy:

Last month, Canada hosted an international meeting in Ottawa on cultural policies where culture ministers from 19 countries agreed that we must take steps to preserve cultural diversity. That is a fundamental aspect of Canada's cultural policies. Diversity includes access to Canadian stories in Canada. New legislation on advertising services will help us meet that goal.³⁴⁰

Through instigating the INCP, Copps aimed to differentiate cultural protection as opposed to market protection, hoping to foster international support for Canada's treatment of culture while applying pressure to the United States.³⁴¹

Further incorporating the recommendations of the SAGIT into Canadian domestic and foreign policy initiatives, Canada proposed development of a new international instrument on cultural diversity to the INCP in 1999 and formalized the recommendation in 2000.³⁴² Member states were receptive to the concept, appointing a working group to evaluate the potential for such an instrument and to

³³⁹ Greg Baeker, "International Network on Cultural Policy Inventory on Cultural Diversity Challenges and Opportunities" (unpublished electronic resource, prepared for the International Network on Cultural Policy, 2000), International Network on Cultural Policy, http://www.incp-ripc.org/w-group/wg-cdg/inventory_e.pdf (accessed April 25, 2007), 4-7.

³⁴⁰ Canada, Canadian Heritage, "New Advertising Services Measure to Promote Canadian Culture."
³⁴¹ Sheila Copps (Minister of Canadian Heritage throughout split run dispute), in telephone discussion with the author, August 4, 2004.

³⁴² See International Network on Cultural Policy, Working Group on Cultural Diversity and Globalization, "Preparatory Meeting of Network Experts on Cultural Diversity and Globalization," (International Network on Cultural Policy, 1999), http://www.incp-ripc.org/w-group/wg-cdg/1299report_e.shtml (accessed April 25, 2007; Canada, Canadian Heritage, "Copps Heads Canadian Delegation to the Third Meeting of the International Network on Cultural Policy", News Release, September, 2000, http://www.pch.gc.ca/newsroom/index_e.cfm?fuseaction=displayDocument&DocIDCd=0NR118 (accessed April 25, 2007).

propose the manner in which it should evolve, as well as appointing a special policy research team to determine best practice.

A New Instrument: What Would It Do?

A new international instrument on cultural diversity would:

- recognize the importance of cultural diversity;
- acknowledge that cultural goods and services are significantly different from other products;
- acknowledge that domestic measures and policies intended to ensure access to a variety of indigenous cultural products are significantly different from other policies and measures;
- set out rules on the kind of domestic regulatory and other measures that countries can and cannot use to enhance cultural and linguistic diversity; and
- establish how trade disciplines would apply or not apply to cultural measures that meet the agreed upon rules.

The Cultural Industries Sectoral Advisory Group on International Trade, "New Strategies for Culture and Trade, Canadian Culture in a Global World", February 1999, pg. 34.

In 2002, the Cultural SAGIT released a document "An International Agreement on Cultural Diversity: A Model for Discussion" which outlined a proposal for an international body governing the global trade of culture. Again, the Canadian government supported this recommendation and suggested the INCP implement such an instrument through UNESCO.³⁴³ After further analysis, a draft proposal of an international instrument on cultural diversity was presented at the 2003 annual meeting of the INCP. Representatives of the INCP and the Working Group on Cultural Diversity met with the Director General of UNESCO later that year to work on the proposed instrument. The Director General was accepting of the proposal to launch a Convention on cultural diversity within UNESCO and the instrument was expected to be fully adopted within the Organisation by 2005.³⁴⁴

4.3 The Role of Cultural Nationalism throughout the Split-Run Dispute

Throughout each stage of the split-run dispute, the Canadian government consistently reiterated the importance of protecting Canadian cultural industries. Because the government perceived popular cultural goods had a direct impact on Canadian cultural identity, the sector was deemed to warrant special treatment by the government. This stance was also promoted by stakeholders including the publishers and the SAGIT, who presented a unified stance advocating popular culture industries (specifically in the form of magazines) required protection against

³⁴³ Canada, Canadian Heritage, "Notes for an Address by the Honourable Shiela Copps, Minister of Canadian Heritage, on the occasion of the Mondial de l'entrepreneuriat," Montreal, Quebec, September 25, 2002, http://www.canadianheritage.gc.ca/pc-ch/notes/2002-09-25_e.cfm (accessed April 25, 2007).

³⁴⁴ International Network on Cultural Policy. Working Group on Cultural Diversity and Globalization. "Framework for Cooperation Between the International Network on Cultural Policy and UNESCO in Support of an International Instrument on Cultural Diversity." International Network on Cultural Policy, 2003. http://www.incp-ripc.org/w-group/wg-cdq/paris2003/framework_e.shtml (accessed April 25, 2007).

foreign threats as they were inherently linked to national identity. Each of these positions is outlined below.

4.3.1 The Government's Stance

From the onset of the split-run dispute the Canadian government maintained its stance regarding the importance of the role of popular cultural goods and services in Canadian society. The DOCH defended its protection of the periodical industry, justifying special treatment of the sector by arguing that periodicals exposed Canadians to national values and encouraged national self-interpretation.³⁴⁵ Indicative of the perception of popular culture as a public good, this position clearly outlined the DOCH's belief in the importance of popular culture from a nationalist perspective; without periodicals Canadian access to a reflection of national representations and values was limited, resulting in a weakening of the Canadian state.

This sentiment was openly conveyed in the first Canadian submission to the World Trade Organisation. The Canadian submission openly stated its case for protection of the domestic periodical industry on the basis of national identity.³⁴⁶ It also classed private sector cultural output as a public good on the basis that the intellectual content of the periodical product was beneficial to Canadian society as a whole, thereby justifying political protectionist treatment of the industry.³⁴⁷

This stance outlines the political perception of the privately owned popular culture sector, as well as underscoring the interpretation of the role and importance assigned to popular culture in Canada. The perceptions of the periodical industry as 'vital' and the view that the content was a public good both indicate a Canadian conformity to the theoretical position that popular culture flags the nation. Consequently, popular culture assumes a role in national continuity and identity as it is attributed with reminding the citizen of their national allegiance.

The argument that periodicals directly relate to national identity formed the basis of Ambassador Weekes' argument at the WTO tribunal:

Periodicals that are created for and in response to the needs of the Canadian market are not like periodicals that are created for and reflect the needs, interests and perceptions of the markets of other

³⁴⁵ Canada, Canadian Heritage, "Agreement on Postal Rates to Benefit Canadian Publications"

³⁴⁶ Canada, Department of Foreign Affairs and International Trade, *Canada - Certain Measures Concerning Periodicals: First Submission*, 2.

³⁴⁷ Canada, Department of Foreign Affairs and International Trade, *Canada - Certain Measures Concerning Periodicals: First Submission*, 4.

countries. It is not realistic for Canada, or for any Member of the WTO for that matter, to rely upon, nor even expect, media products from other countries to attempt to reflect its own reality. For it is in their reality that our sovereign distinctiveness as a country is determined. It is therefore critically important that a way be found, within the rules-based trading system, for WTO Members to be able to develop and maintain policies that promote their own unique culture and identity.³⁴⁸

Although the outcome of the tribunal showed the WTO appellate body was not swayed by Canada's conviction that this month's article on hemlines, eyelash curling, gardening or fishing techniques was underpinning national identity, the Canadian government was undeterred in its stance. In a joint statement responding to the WTO appellate body's ruling, International Trade Minister Sergio Marchi and Heritage Minister Sheila Copps both reiterated the government's view that popular culture was an essential component to the Canadian citizen and the nation.³⁴⁹ Marchi promised Canada would continue to support Canadian cultural industries and Copps announced impending implementation of new legislation that would comply with WTO standards but would continue to support the Canadian periodical industry.³⁵⁰ The government's goal, according to Copps was to "ensure that Canadian stories continue to be available to Canadian audiences", again stressing that Canadian stories reflect Canadian values, history and perspectives and are central to Canadian self-awareness.³⁵¹

The debate surrounding the importance of culture to the state gained momentum as Copps introduced Bill C-55, engaging the government in a patriotic debate regarding the role of periodicals in Canadian culture. In defending Bill C-55 to the Standing Committee on Canadian Heritage, a special government committee focussing on Canadian Heritage recommendations and proposed legislation, Copps made a compelling argument linking periodicals to patriotism:

Magazines are a vital communications link. The Canadian magazine industry provides an essential vehicle for sharing stories about our country, our achievements, our challenges, our regions, our cultural diversities, our institutions and our values.³⁵²

³⁴⁸ Cited in Canadian Magazine Publishers Association, "CMPA/CBP Briefing Document", September 26, 1997, (unpublished data, obtained by author from Canadian Heritage through AIR – See Appendix B Ref. 9).

³⁴⁹ Canada, Canadian Heritage, "New Advertising Services Measure to Promote Canadian Culture."

³⁵⁰ Canada, Canadian Heritage, "New Advertising Services Measure to Promote Canadian Culture."

³⁵¹ Canada, Canadian Heritage, "New Advertising Services Measure to Promote Canadian Culture."

³⁵² Copps, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 17 1998.

In her appearance before the Standing Committee Copps was an open ambassador for the belief that popular culture is inherently linked to national identity and therefore must be differentiated from other commodities. According to Copps, "having a culture minister and having a government cultural policy is critical to [Canada's] survival as a nation and therefore should be treated in a fashion different from commodities, which are governed by a rules-based international trading system."³⁵³ Beyond merely justifying her ministerial position, this statement is indicative of the perceived link between culture and the nation in Canadian politics, compelling support for Bill C-55 by openly claiming that cultural policy was critical to Canada's "survival".

Thus, Bill C-55 was developed and presented to the House on the basis that it defended a vital aspect of Canadian nationalism, focussing on the political belief that magazines foster a sense of national identity and community.³⁵⁴ The proposed legislation was further sold on the compellingly patriotic association of the Bill to Canadian individuality and distinctive characteristics. It appealed to the government by targeting Canada's Achilles heel, its self-perpetuated identity crisis. As was outlined in the Standing Committee, the Bill was presented on the basis that "it is Parliament's responsibility to ensure that Canadians continue to have access to a magazine industry that concerns them", the needs of Canadians can only be met by a Canadian industry.³⁵⁵

Copps further tied the importance of Canadian periodicals and of a privately owned periodical industry to national autonomy, concluding that through the cultural experience offered by popular cultural products Canadians are afforded the opportunity to express their ideas, values and identity.³⁵⁶ According to Copps, the proposed Bill C-55 was intended to preserve the choice of Canadians in accessing their culture: "We have the right to read our stories, and the Canadian government is responsible for guaranteeing that Canadians have this choice."³⁵⁷

³⁵³ Copps, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 17 1998.

³⁵⁴ Copps, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 17 1998.

³⁵⁵ Copps, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 17 1998.

³⁵⁶ Canada, Canadian Heritage, "New Advertising Services Legislation Tabled"

³⁵⁷ Copps, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 17 1998.

Continuing this argument, when announcing the initial meeting of heritage ministers in the preliminary stages of the development of the INCP, Copps claimed the experience garnered through Canadian consumption of periodicals strengthened the perception of a shared identity and enriched the “collective vision as a nation.”³⁵⁸ Copps also openly condemned the American perception of culture as a commodity while advocating Canada’s perception of culture as a critical aspect of national “survival.”³⁵⁹

Copps, the DOCH and the governing Liberal party were not alone in their conviction of the importance of popular culture to the nation and of the political necessity of allocating the sector special treatment. Members of opposition parties certainly agreed with the Liberal perception of the relationship between popular culture and national identity. As the debate intensified, with the United States threatening trade sanctions, so too did expressions of personal opinion and attachment of the relevance of culture to Canadian identity. There was widespread support for the perception of popular culture being tied to nationalism, justifying unique treatment. This opinion was exemplified by NDP MP Wendy Lill;

I can categorically say that Canadian culture is not a commodity. Margaret Atwood is not a soap pad. The Group of Seven is not an international trading cartel... Culture is something which Canadians have a right of access to, not simply because some American conglomerate has decided that it may be marketable, but because it has intrinsic value.³⁶⁰

This statement exemplifies the blurring of boundaries between traditional high culture and popular culture, drawing a correlation between books and painting. Culture, specifically popular culture, was thus agreed to be of fundamental national value throughout the Canadian government.

Throughout the split-run dispute and the proposed Bill C-55, the Standing Committee on Canadian Heritage conducted a study on the role of federal support of Canadian culture. After much consideration and consultation, the Standing Committee defined culture in its 1999 report:

Culture is central to the human experience. Canadian culture is what Canadians believe to be important. It tells us who we were in

³⁵⁸ Canada, Canadian Heritage, “Ministers From 22 Countries Expected at Ottawa Meeting on Culture”

³⁵⁹ Copps, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 17 1998.

³⁶⁰ Lill, Canada, Parliament, *Debates of the House of Commons of Canada (Hansard) [electronic resource]*, No. 178, 36th Parliament, 1st Session, February 10, 1999.

the past and who we are in the present. Because of the way culture shapes our lives, inevitably, it will also influence who we are likely to become in the future. Culture is all that touches us in our daily lives, wherever and however we live. It is our continuing legacy that links the past with the present. Culture is what we have learned to hold dear since it is the accumulation of all the experiences we will ever have and all the places we will ever go. Finally, culture is a force that drives our unique development as individuals.³⁶¹

This statement is reminiscent of major concepts of nationalist theory – the importance of a shared history, a shared identity and the foundation of the nation. However, it also served as justification for the continued protectionist stance of Bill C-55 and Canada's defence of its cultural policy.

After reaching the bilateral agreement with the United States, the Canadian Policy Statement regarding Canadian Content in magazines reiterated the perceived importance of Canadian content:

The Government of Canada recognises the importance of ensuring the availability to Canadians of periodicals that are relevant to Canadian life and culture, reflect an identifiably Canadian perspective and meet the information needs of Canadian readers.³⁶²

Further, in her announcement of the agreement, Copps reiterated the importance of magazine articles in presenting stories central to Canadian culture and identity as Canadians.³⁶³

This widespread political belief in the inherent importance of the survival of privately owned cultural industries was also reflected in the development of the Canadian Magazine Fund following the bilateral agreement. In the announcement regarding the creation of the Canadian Magazine Fund, Copps noted the funding initiative would help ensure Canadians would have access to Canadian stories, "stories about themselves."³⁶⁴

The relation of popular culture to national identity was not merely confined to Canadian Heritage. Other departments, including the Department of Justice and the DFAIT also noted the importance of culture to the nation. DFAIT Minister Marchi's

³⁶¹ Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *A Sense of Place - A Sense of Being [electronic resource]*, Chapter 1 – Defining Terms.

³⁶² Canada, Canadian Heritage, "Ottawa and Washington Agree on Access to the Canadian Advertising Services Market."

³⁶³ Canada, Canadian Heritage, "New Advertising Services Measure to Promote Canadian Culture."

³⁶⁴ Canada, Canadian Heritage, "New Magazine Fund to Benefit Canadian Publishers."

argument that culture is the “dignity of who you are and what you are, is at the heart of any country, poor or rich, north or south, big or small.”³⁶⁵

Equally, the Department of Justice defended protectionist measures on the basis that “they were market based measures designed to make sure there was some kind of equanimity between the competitive condition for Canadians vis a vis their foreign competitors.”³⁶⁶ Thus, cultural policy was supported throughout the Canadian government with numerous advocates maintaining the underlying goal of any Canadian cultural policy has been to ensure Canadian access to Canadian products, an essential component to Canadian national identity.

4.3.2 The Publishers & Other Periodical Representatives

Echoing the government, the publishers played on the perceived national importance of periodicals, reiterating the importance of the Canadian magazine to national identity. A comprehensive example of the rhetoric applied by cultural industries is evidenced in the following statement from the SAGIT:

Our culture – our ideas, songs and stories – gives meaning to who we are as Canadians. Through cultural products, such as sound recordings, books and films, we express ideas and perspectives, and we share stories and images that are uniquely Canadian – among ourselves and with the rest of the world. Cultural products are “brain and soul foods” that help us communicate with others and share differing views. They entertain, and they inform. They help shape our sense of identity. They add richness to our lives.³⁶⁷

This sentiment was continued throughout the publishers’ role in the development of Bill C-55. In a submission to the Canadian government aimed at generating continued support for the Canadian periodical industry, the CMPA argues foreign split-runs would ‘limit the opportunity for Canadian expression’ and concluded with an appeal for the protection of Canadian content:

The role [Canadian Publishers] play in providing Canadian content serves an important purpose for Canadians. Cultural goods have a value that transcends the utility of other products and Canadian publishers take their responsibilities in this regard seriously. Canadian policy must also continue to recognise the importance of Canadian culture and the need to ensure an environment in which

³⁶⁵ Marchi, Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications [electronic resource]*, 36th Parliament, 1st Session no. 31, May 25, 1999, (Ottawa : Parliament of Canada, 1999), http://www.parl.gc.ca/36/1/parbus/commbus/senate/Com-e/tran-e/31cv-e.htm?Language=E&Parl=36&Ses=1&comm_id=19 (accessed May 3, 2007).

³⁶⁶ Allan Clarke and Bruce Stockfish (both from the Department of Justice, Canada throughout split run dispute) and Jeff Richstone (Senior Counsel, Legal Services, Canadian Heritage throughout split-run dispute), in telephone discussion with the author, December 7, 2004.

³⁶⁷ Canada, Cultural Industries Sectoral Advisory Group on International Trade, *New Strategies for Culture and Trade, Canadian Culture in a Global World [electronic resource]*.

Canadian content can survive.³⁶⁸

The submission continues on a rather fatalistic note, arguing only through information and messages about Canada can the citizenry participate in the “immense variety and the commonality of the Canadian experience.”³⁶⁹ Beaubien also tried to differentiate the role of Canadian publishers from their American counterparts, arguing that American publishers were “here to maximize profits”, while Canadian publishers offered a public service.³⁷⁰ This argument was reiterated by André Cornellier, President of the Canadian Association of Photographers and Illustrators in Communications in his presentation to the Senate Standing Committee on Transport and Communication’s review of Bill C-55:

If magazines lose some of their clout and disappear from the market, when other NAFTA issues arise, either with the Americans or another country, who ultimately will be around to speak out? If magazines are no longer around and a problem arises, for example, with softwood lumber, who will present the facts to Canadians? Who will raise the issue if journalists and others working in this field are not around to do it because they no longer have a medium through which to convey their messages? If magazines are not around any more, who will be left to report on the situation?³⁷¹

However, the magazines Cornellier was referring to were not numerous – mainly, it would be one or two Canadian news magazines such as *Maclean’s* or trade journals that would report on such matters. Further, this statement overlooks the government’s role in ensuring the public is aware of policy and potential trade disputes. This information would therefore continue to be available, whether through Canadian newspapers, television broadcasts, radio or political communication – the nation’s communication infrastructure would continue even if the Canadian periodical ceased to exist, yet both the government and the publishers convinced themselves that retaining a Canadian periodical industry was paramount to Canadian identity.

³⁶⁸ Canadian Magazine Publishers Association. “Submission by the Canadian Magazine Industry Proposing a New Structural Measure Regarding Advertising Services in the Magazine Sector”, 1998 (unpublished data, obtained by author from Canadian Heritage through AIR. See Appendix B Ref 10), 3.

³⁶⁹ Canadian Magazine Publishers Association. “Submission by the Canadian Magazine Industry Proposing a New Structural Measure Regarding Advertising Services in the Magazine Sector”. See Appendix B Ref. 10 – page no?)

³⁷⁰ Beaubien, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 26, 1998, (Ottawa : The Committee, 1998), <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?SourceId=51592&Lang=1&PARLSES=361&JNT=0&COM=108> (accessed May 3, 2007).

³⁷¹ Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications [electronic resource]*, 36th Parliament, 1st Session, no. 27, May 4, 1999, (Ottawa : Parliament of Canada, 1999), http://www.parl.gc.ca/36/1/paribus/commbus/senate/Com-e/tran-e/27ev-e.htm?Language=E&Parl=36&Ses=1&comm_id=19 (accessed May 3, 2007).

Further, the CMPA undermined its own argument, although not intentionally, in a document prepared from discussions with Canadian Heritage:

At the heart of Canada's magazine industry are its cultural magazines... all magazines are cultural and all Canadian-published magazines reflect, to some extent, their Canadian roots. But within the wide diversity of Canadian magazines there is an identifiable group of publications which is noteworthy for its commitment to celebrating Canada's cultural heritage and providing a forum for cultural expression.³⁷²

Thus, according to the CMPA, there were specific publications that were more essential to national "survival" than others were. However, underlying the argument was the self-confessed belief throughout the publishing industry that Canadian periodicals were essential to Canadian nationalism and therefore should be protected at all costs.

4.3.3 The SAGIT

The Cultural Industries Sectoral Advisory Group on International Trade further supported protection of the private culture sector on the grounds of national identity. Indeed, perhaps not even Sheila Cops was as adamant as the SAGIT in its correlation between culture and the nation:

Our culture – our ideas, songs and stories – gives meaning to who we are as Canadians. Through cultural products such as sound recordings, books and films, we express ideas and perspectives, and we share stories and images that are uniquely Canadian – among ourselves and with the rest of the world. Cultural products are "brain and soul foods" that help us communicate with others and share differing views. They entertain, and they inform. They help shape our sense of identity. They add richness to our lives.

In Canadian books, magazines, songs, films and radio and television programs, we are able to see and understand ourselves. We develop a more cohesive society and a sense of pride in who we are as a people and a nation.³⁷³

The SAGIT perceived culture as a critical tool of nation building, but did not differentiate the cultural aspects essential to national development from the irrelevant industry output aimed at maximising profit.

Thus, in its interpretation of culture as an essential component of the nation, the SAGIT deemed all aspects of popular culture justified political protection on national principles. The SAGIT equated public-sector investment in cultural protection to

³⁷² Canadian Magazine Publishers Association, "Supporting Canada's Cultural Magazines," (Toronto: Canadian Magazine Publishers Association, June 12, 2001), 4.

³⁷³ Canada, Cultural Industries Sectoral Advisory Group on International Trade, *New Strategies for Culture and Trade, Canadian Culture in a Global World [electronic resource]*.

national investment in the promotion of other public goods such as public health, the environment, national defence and bio-diversity.³⁷⁴ The SAGIT therefore advocated the necessity of special treatment and protection of the industry, as cultural goods were deemed incomparable to other commodities due to their relationship with national identity and therefore justified special treatment.

4.4 Summary

Although Canada had a long history of protectionist cultural legislation, the split-run case is unique in that it marked a turning point for cultural policy in an era of trade liberalisation. First, the existing cultural legislation was questionable in that it not only contradicted Canada's GATT agreements, but it was representative of the challenges of implementing effective cultural policy in an era of technological globalisation. Second, the case is unique in that it was challenged at an international level, setting a precedent on the WTO's view on the impact of global trade of cultural goods on national identity. Next, it was unique due to the level of international attention it garnered because of the WTO ruling and the threatened trade sanctions by the United States, as well as being the catalyst of the development of the INCP.

The split-run dispute presents a unique opportunity to challenge the nationalist stance of the Canadian government. It allows one to analyse the development of Canadian cultural policy, questioning why, in a world of trade liberalisation, the re-evaluation of Canadian cultural policy resulted in a proposed legislative solution that was incredibly similar to the one deemed illegal by the WTO. Further, the case presents a unique set of stakeholders in the form of the politicians, the publishers, the advertisers and the SAGIT, all of whom tied their reaction to Canadian cultural nationalism.

Subsequent chapters will question the premise of the Canadian government's stance, investigate stakeholder interests and involvement in the Canadian resistance of trade liberalisation represented by the periodical sector and the motivating factors driving the continued development of protectionist cultural policy.

³⁷⁴ Canada, Cultural Industries Sectoral Advisory Group on International Trade, *New Strategies for Culture and Trade, Canadian Culture in a Global World* [electronic resource].

Chapter 5: Economic Protectionism as the Impetus of Protectionist Cultural Policy

This is the first of three chapters investigating other motivating factors for the Canadian government's resolute defence of the Canadian cultural sector.

This chapter investigates the hypothesis that protectionist cultural policy in Canada is economically motivated based on the increased relevance of cultural industries in a knowledge-based economy. Beginning with an assessment of the economic relevance of Canada's periodical industry both domestically and in terms of export value, this chapter provides an analysis of the economic relevance of the Canadian cultural industries which were cited as being at risk throughout the split-run dispute. Second, this chapter examines the increased political interest in the long-term economic potential of cultural industries and the strategy to transform Canada to a knowledge-based economy which coincided with the split-run dispute. Finally, the chapter will assess the economic relationship between the Canadian government and the cultural industries, questioning if the defence of culture was in fact a defence of a lucrative sector of the economy.

5.1 The Economics of the Split-Run Dispute

Canada's long standing resistance to split-runs could arguably be interpreted as ring-fencing Canadian advertising revenue for Canadian publishers. Rather, as foreign editorial content was already widely available in imported publications, the main concern with split-run magazines could not have been prompted by the risk an influx of exposure to foreign cultural products in Canada. Nor could it be attributed to increased competition for readers as existing American publications were already readily available in Canada with an established strong customer base. However, it could be argued the ensuing split-run dispute was motivated by protecting Canadian advertising revenue for Canadian publishers as, if granted access split-runs would compete for a share of the Canadian advertising market.

In January 1998, as the government was assessing its legislative options following the WTO ruling, Canadian Heritage commissioned a study by Harrison Young Pesonen Newell. Although the study initially appeared to compound the fears of the Canadian publishers that American access to the Canadian advertising market would cripple Canadian publishers, the study ultimately contradicted many of the concepts used in support of the proposed Bill C-55. HYPN indicated that if

American publishers were granted access to the Canadian advertising through the legalisation of split-run magazines, the estimated loss facing English Canadian magazine advertising budgets could be as high as 70% based on American publishers' alleged ability to substantially discount advertising.³⁷⁵ The study also showed that even without deep discounting split-run publishers would attract between 40% and 60% of the domestic periodical advertising market based on their established market presence and audience base.³⁷⁶ Even if, as the study predicted, the overall market for periodical advertising would be expected to grow due to the more focussed targeting of specific audience segments by publishers, the overall decrease in advertising revenue directed at English-Canadian titles was anticipated to be 38%.³⁷⁷ The French-Canadian sector would be equally affected but over a somewhat more prolonged period as French publishers would be waiting to judge the profitability of American split-runs in the English-speaking sector prior to entering the market with their own product. Although HYPN estimated advertising in French magazines would increase by as much as 60%, due to the synergies between the English and French publications, the damage in the English sector could result in a struggle by Canadian publishers to continue to produce French Canadian publications altogether. For example, if English *Chatelaine* lost advertising revenue leading to its demise due to split-run competition, the French version *Châtelaine* would also suffer as the two were sister publications sharing some editorial content.

Next, the HYPN report indicated the amount of advertising spent in magazines would increase. However, the study showed that rather than the entire advertising market increasing, magazines would simply siphon advertising revenues from other sectors, such as television, further negatively affecting Canadian cultural industries. This was an important point as the major publishers were components of large media conglomerates with broad interests in Canadian cultural industries which would potentially be negatively impacted by foreign competition. Additionally, the report argued Canadian publishers would not benefit from the increased advertising market, but rather the American split-runs' market share would increase.³⁷⁸

³⁷⁵ Harrison, Young, Pesonen and Newell Inc., "Predicting Canadian Advertising Reaction to Foreign Magazine Incursion (Final draft)", 4 (See Appendix B, Ref 26).

³⁷⁶ Harrison, Young, Pesonen and Newell Inc., "Predicting Canadian Advertising Reaction to Foreign Magazine Incursion (Final draft)", 4 (See Appendix B, Ref 26).

³⁷⁷ Harrison, Young, Pesonen and Newell Inc., "Predicting Canadian Advertising Reaction to Foreign Magazine Incursion (Final draft)", 5 (See Appendix B, Ref 26).

³⁷⁸ Harrison, Young, Pesonen and Newell Inc., "Predicting Canadian Advertising Reaction to Foreign Magazine Incursion (Final draft)", 3-4 (See Appendix B, Ref 26).

Despite these dire forecasts, the HYPN report indicated potential growth in the Canadian periodical industry despite foreign competition for advertising revenue. The study highlighted the absence of Canadian titles in major specialty areas, such as Men's and Sports magazines due to a perceived lack of market sustainability by Canadian publishers. As Russell highlighted in his appearance to the Standing Committee, the study provided evidence of market potential in meeting these consumer demands. It indicated Canadian publishers' share of domestic advertising revenue could increase by 61% over 3 years if they introduced titles targeting Men's, Fashion, Sport and Youth sectors.³⁷⁹ Further, the HYPN study indicated that if Canadian publishers did not meet consumer demand in these areas, American publishers offering specialty products could easily lure Canadian advertising in high volumes, especially given the established presence of American specialty titles in the Canadian market.³⁸⁰ Therefore, the study acknowledged that while Canadian publishers faced increased competition for magazine advertising revenues, their market share could actually grow if they introduced new titles aimed at meeting consumer demand in focused subject areas.

Canadian politicians and publishers overlooked this last positive aspect of the report, however, frequently citing the negative findings of the study as the debate over the implementation of Bill C-55 intensified. Instead of focussing on the potential growth of the domestic periodical market, representatives from the DOCH and the Canadian periodical publishers referred to the dependence of Canadian publishers on advertising revenue to create Canadian editorial content. In a preliminary analysis of the effect of foreign split-runs in the Canadian market, Israel, a Research Officer for Ontario, argued that the political action to protect the magazine industry was "prompted in part by the demands of the \$838 million magazine industry".³⁸¹ Israel's analysis of the *Sports Illustrated* case highlighted the first issue of *Sports Illustrated Canada*, which offered one page of Canadian content and 40 pages of Canadian ads, "captured \$250,000 of Canadian advertising revenue."³⁸² Further, Isreal reported by July 1993 *Sports Illustrated Canada* had secured an estimated \$1 million in Canadian advertising revenue that "might

³⁷⁹ Russell, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 18, 1998.

³⁸⁰ Harrison, Young, Pesonen and Newell Inc., "Predicting Canadian Advertising Reaction to Foreign Magazine Incursion (Final draft)", 3-4 (See Appendix B, Ref 26).

³⁸¹ Edward Isreal, *Final Editions? Split-Run Editions and Canada's Ailing Magazine Industry*, 1.

³⁸² Edward Isreal, *Final Editions? Split-Run Editions and Canada's Ailing Magazine Industry*, 4.

otherwise have gone to Canadian publishers."³⁸³ As the debate intensified, stakeholders and politicians stressed to the House, Senate and Standing Committees the heavy reliance of the Canadian magazine industry on advertising revenue, advocating Bill C-55 as a vehicle to protect Canadian expression. Publishers and politicians noted that decreased advertising revenue resulting from foreign competition would hinder the ability to produce quality editorial content, in turn spurring decreased circulation which would further impact on advertising revenue. Further, a large degree of advertising revenue had the potential to be directed at foreign specialty magazines that offered access to specific target markets for the advertisers, with little net benefit to Canada. Rather, the advertising revenue and magazine profits would flow into the American economy, with the United States rather than Canada experiencing the net economic benefit.

Copps outlined the concern regarding advertising revenue succinctly in her brief to the Standing Committee on Canadian Heritage in 1998. Copps stressed Bill C-55 was not aimed at ensuring Canadians bought Canadian periodicals or even periodicals with Canadian content, but instead focused on retaining Canadian access to advertising to ensure the continued production of Canadian periodicals for Canadian consumption:

This is not an issue about readership. Advertising service revenues are used to create home grown stories. In the Canadian market, one page of advertising covers the cost of producing one page of original Canadian content. The economic survival of magazine publishers depends on revenues generated by advertising services. It is not simply a question of readership.³⁸⁴

Further, Copps stressed the Canadian publishers' reliance on advertising revenue, noting the industry could not survive on sales alone due to the complicated, diverse and relatively small nature of the Canadian market.³⁸⁵ Therefore, rather than directly subsidising the industry, the Canadian government recommended, through the proposed Bill C-55, protection of advertising revenue from foreign competition to assist an industry that it deemed was of national importance.

The following day editor of *Time Canada* Russell appeared before the Standing Committee. Russell argued against allegations made by Copps and the Canadian

³⁸³ Edward Isreal, *Final Editions? Split-Run Editions and Canada's Ailing Magazine Industry*, 4.

³⁸⁴ Copps, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 17 1998.

³⁸⁵ Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 17 1998.

publishers that foreign publishers would undersell advertising space to Canadian advertisers. Instead, Russell outlined the difficulties faced by *Time Canada* in the Canadian market due to restricted access to the Canadian advertising market despite being grandfathered. Russell argued the CMPA had misrepresented *Time Canada's* situation, explaining rather than operating at a cost advantage, *Time Canada* had been operating "under a discriminatory tax regime" since the mid-1970s. Consequently, circulation costs per thousand that were 9% higher than its main competitor, *Maclean's*, and 30-60% higher than "most other Canadian magazines."³⁸⁶ Further, contrary to the assumption that foreign periodicals would undersell Canadian periodicals both to advertisers and consumers, Russell argued *Time Canada's* annual subscription rate was a third higher than that of their primary Canadian competitor, *Maclean's*. Russell noted that *Time Canada* was 28% more expensive than its main American edition, thereby arguing Time was not offering a Canadian edition at a reduced cost to lure readers or to undercut Canadian publications.³⁸⁷ Therefore, the foreign publishers argued to the Committee they were not in a position to undersell advertising space to Canadian companies and would not be siphoning Canadian advertising away from the Canadian market if granted access to the market.

The following day Canadian publishers made a second appearance before the Standing Committee on Canadian Heritage, where they presented an opposing argument lobbying for the retention of protectionist policy preventing foreign access to Canadian advertising revenue. Malden, Vice President of Maclean Hunter Publishing, claimed Russell had misinformed the Standing Committee when comparing *Time Canada's* rates to *Maclean's* by quoting costs per thousand, rather than costs per audience which was the industry standard for measuring advertising costs. Rather, Russell had compared advertising costs for the two magazines according to print runs rather than quoting the industry standard which focused on the cost of advertising based on the audience it reached. On this basis, Malden argued that *Time Canada* had misled the Committee. When compared using the industry standard, Time undersold its advertising to reach a wider audience, with

³⁸⁶ Russell, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 18 1998.

³⁸⁷ Russell, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 18 1998.

Malden arguing: “*Time’s* rates are 30% to 40% below those of *Maclean’s*.”³⁸⁸ Further, despite high domestic sales and a developed market presence, the publishers argued they would not be able to compete with American publishers’ undercut prices to Canadian advertisers. Malden argued despite high quality Canadian editorial content and a secure market position, Canadian publications would not be competing on a fair footing if split-run editions of American magazines were granted the same access to Canadian advertising that Canadian magazines had. Malden explained it was clear to Canadian publishers that they would need to be able to successfully compete for advertising revenue if they were to survive in the Canadian market as publications were heavily dependent on that revenue for their continued existence. Further, Malden predicted “the loss of advertising revenue to unfair competition in the advertising services market would drive us out of business.”³⁸⁹ Finally, Malden further clarified the concerns of the Canadian publishing industry with the following:

The issue isn’t whether Canadian publishers do compete successfully for readers, because we do, and we do because Canadians want to read what we have to deliver along with what they want to read in foreign magazines, mostly American. We’ve never denied that we do okay in competing for readers. We’re saying that despite our ability to compete there, we can’t survive if we have to compete for advertisers. So I don’t think the issue of how healthy you are with respect to readers is a relevant issue.³⁹⁰

Despite the arguments presented the day before, the Canadian publishers had the advantage of presenting their case after *Time Canada*, presenting the comparative data in a more effective manner in terms of its effect on Canadian publishers. As a result, they concluded that foreign publishers did in fact pose a very real threat to the Canadian industry, especially if allowed unfettered access to Canadian advertising given their ability to undercut rates offered by Canadian publishers.

This perspective was further substantiated in the SAGIT report which highlighted the economic dependence of the industry on advertising:

Producers of split-run publications cover the cost of production through sales and advertising in their own market. They compete for Canadian advertising dollars with Canadian produced

³⁸⁸ Malden, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 19, 1998, (Ottawa : The Committee, 1998), <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?SourceId=51503&Lang=1&PARLSES=361&JNT=0&COM=108> (accessed May 3, 2007).

³⁸⁹ Malden, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 19, 1998.

³⁹⁰ Malden, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 19, 1998.

publications which need the advertising income to cover their production costs.³⁹¹

Thus, according to the SAGIT, the industry depended on exclusive access to Canadian advertising to remain profitable, and the threat to that revenue was the driving force behind the industry's concern.

As the dispute intensified between Canada and the United States regarding Bill C-55, the Senate Committee on Transport and Communications considered the proposed bill. At this point, Browne, Director of the Centre for Trade Policy and Law, questioned the role of Bill C-55 in protecting Canadian voices for Canadian readers, arguing to the Committee the Bill focused on economics and ownership rather than protecting or fostering Canadian national identity, as the politicians and the publishers were presenting it to do. Brown contended the primary objective of Bill C-55 was to protect Canadian ownership and "protection of Canadian business interests."³⁹² He went on to allege:

Its sole objective is to reserve a pool of money, estimated in the range of \$400 million to \$600 million a year, exclusively to Canadian magazine publishers. The assumption underpinning the bill is that only Canadian publishers will publish Canadian content. Therefore, the drafters say that the bill is all about content because, by protecting Canadian publishers, we are ensuring the availability of Canadian content.³⁹³

Consequently, questions arose as the Senate considered the fact that while Bill C-55 was aimed at protecting Canadian voices, stories and heritage for Canadian readers it did not actually stipulate a requirement for Canadian cultural content.

Presenting an opposing view to the Senate Committee, Pilon, President of the Association Québécoise de l'Industrie du Disque, du Spectacle et de la Vidéo, appealed against implementing a Canadian content regulation for periodicals published in Canada, split-run or otherwise, as a means of achieving Canadian market exposure for a Canadian audience. As Pilon explained, allowing split-runs access to the Canadian market would set a precedent affecting other forms of

³⁹¹ Canada, Cultural Industries Sectoral Advisory Group on International Trade, *New Strategies for Culture and Trade, Canadian Culture in a Global World* [electronic resource].

³⁹² Brown, Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications* [electronic resource], 36th Parliament, 1st Session, no. 24, April 22, 1999, (Ottawa : Parliament of Canada, 1999), http://www.parl.gc.ca/36/1/paribus/commbus/senate/Com-e/tran-e/24cv-e.htm?Language=E&Parl=36&Ses=1&comm_id=19 (accessed May 3, 2007).

³⁹³ Brown, Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications* [electronic resource], 36th Parliament, 1st Session, no. 24, April 22, 1999.

media, such as television and broadcasting legislation or film and film funding.³⁹⁴ Drawing on an example of film, Pilon argued if *Sports Illustrated* were granted access to the Canadian market, a U.S. multinational wanting to make a movie in Canada using Canadian actors, could, arguably apply for government subsidies currently only available to Canadian production houses.³⁹⁵ Hence, the discussion again came back to financing, with Pilon continuing his argument, claiming that if the Canadian industry was not protected, once Canadian culture was dominated by foreign ownership, the foreign companies would disregard Canadian content. Pilon's fatalistic perspective was representative of the Canadian industry stance, arguing Bill C-55 was the only way to ensure Canadian exposure to a Canadian voice.

Further substantiating the fatalistic perspectives presented to the House and Senate Committees, an Impresa study published in the autumn of 1999 on the periodical industry in Canada revealed that the industry was not buoyant and hinted at the requirement for continued protection. The study noted the number of Canadian periodical titles had decreased by 15%, from 1733 titles in 1991-1992 to 1552 in 1996-1997, with both circulation and employment declining by over 6%, while profits remained static.³⁹⁶ The study concluded "the numbers illustrate an industry in stagnation: fewer titles, a shallow decline in circulation with many magazines dealing with eroding revenues by cutting costs and doing less with less."³⁹⁷ The Impresa study only seemed to corroborate the position of the publishers.

However, figures from the Leading National Advertisers of Canada (Appendix D) indicate that in the period 1998 to 2003, advertising in Canadian magazines actually increased by almost 40%. This represents a compound rate of over 5.5% a year, outperforming the general rate of inflation (which ran at approx. 2% for the period), indicating strength in the industry despite the alarmist tactics surrounding the discussion of Bill C-55. LNA data (Appendix D) indicated home and decorating magazines and women's interest magazines increased their advertising revenue a

³⁹⁴ Pilon, Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications [electronic resource]*, 36th Parliament, 1st Session, no. 27, May 4, 1999.

³⁹⁵ Pilon, Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications [electronic resource]*, 36th Parliament, 1st Session, no. 27, May 4, 1999.

³⁹⁶ Impresa Communications Ltd., "Vitality and Vulnerability: Small and Medium Sized Magazines (SMMs) A Profile and Gap Analysis", 1999 (Summary report prepared for Department of Canadian Heritage, obtained by author from Canadian Heritage through AIR. See Appendix B, Ref 30), 5.

sizeable amount. Quebecor's teen *Cool!* magazine was the publication with the highest growth (over 25% annual compound growth) while gardening and home magazines also reflected annual growth in advertising revenue of over 20%. Canadian standards such as *Chatelaine* and *Canadian Living* continued to dominate advertising sales, experiencing annual growth of over 5% each, indicating substantial growth was possible but was dependent on market appeal given both *Chatelaine* and *Canadian Living* had undergone overhauls to attract and retain readers.

Although some magazines, such as *Maclean's* experienced a decline, it could be argued this loss was only indicative of a trend in news magazines.³⁹⁸ *Time Canada* also lost revenue throughout the period, as did other news magazines, while home and leisure magazines grew substantially. Despite the poor performance of its leading title *Maclean's*, Roger's launched one of the most successful new magazines, 'glow'. Masthead, an industry watchdog, also indicated that the downturn for *Maclean's* was not an isolated case in an article by Shields which noted both *Time* and *Maclean's* had struggled due to a number of compounding circumstances including a downturn in technology sectors in 2001, 9/11, political instability and a global recession.³⁹⁹ According to Masthead, *Time's* advertising revenue decreased from just over \$28 million in 1998 to just over \$25 million in 2003, bottoming out at \$24 million in 2002.⁴⁰⁰ However, in examining data from the LNA (Appendix D), it appears the strategies of *Time Canada* and *Maclean's* in response to this downturn varied greatly. While *Time Canada* lost more advertising pages, it was able to retain a higher percentage of advertising revenue than *Maclean's*. The cost for a page of advertising in *Time Canada* increased an average of \$6,000 over the period. In contrast, *Maclean's* advertising costs increased by less than \$3,000 per page, indicating that *Time* focussed on increasing advertising costs more than *Maclean's*. Further, despite the continuing allegations to the Standing Committee on Canadian Heritage and the continued lobbying by the publishers throughout the split-run dispute, *Time Canada* did not, according to the

³⁹⁷ Impresa Communications Ltd., "Vitality and Vulnerability: Small and Medium Sized Magazines (SMMs) A Profile and Gap Analysis" (Summary report prepared for Department of Canadian Heritage, obtained by author from Canadian Heritage through AIR. See Appendix B, Ref 30), 5.

³⁹⁸ For example, data from LNA (Appendix D) throughout the late 1990s, Canada's leading news publications such as *Maclean's* decreased their share of revenue, actually losing advertising revenue (advertising revenues in 1998 exceeded \$47.6 million but had fallen to \$37.4m by 2003).

³⁹⁹ William Shields, "Top 50 Magazines," 2004, Masthead Online, <http://www.mastheadonline.com/t50.htm> (accessed June 2, 2004).

⁴⁰⁰ Shields, "Top 50 Magazines"

statistics, undercut *Maclean's* advertising, did not take a larger share of the market and did not fare much better than *Maclean's*.⁴⁰¹

This analysis indicates the fears of the DOCH and the Canadian publishers predicting the impending death of the Canadian periodical in the face of foreign competition on economic terms did not come to fruition. With the exception of *Time Canada*, the Canadian split-run market was largely ignored by the American publishers by 2003. However, throughout the debate, it became increasingly apparent that the split-run magazine debate was about access to advertising revenue as opposed to protecting Canadian content for Canadian readers. This leads one to question the economic motives driving industry protection, especially considering the threats of American trade sanctions and the potential risk of jeopardising Canada's relationship with its most important trading partner.

5.2 Value of Canadian Culture Industries

We believe that Bill C-55 speaks directly to the ability of a sovereign nation to exercise its own domestic cultural and industrial policy. However, I can tell you that this is not just about magazines. The broadcasting industry is watching, along with other cultural sectors, and I submit to you that the world is watching.

We believe that the current American assault on the Canadian government's efforts to sustain a Canadian magazine industry is the leading edge of a broader assault to come. The system of culture supports that we have built up to ensure our Canadian presence, on our own screens, in our own books, in our own music and, yes, in magazines, is at risk. Magazines are just the beginning. Television and feature film could well be next. We know that when it comes to Canada, the U.S. trade representative is intent on addressing major access implements to the U.S. magazine publishers and other media entertainment industries.⁴⁰²

This excerpt from the VP of Public Affairs for the Canadian Association of Broadcasters is indicative of the larger impact of the split-run case on the wider cultural sector of Canada. The issue was not one merely of periodicals but, as stated above, of broadcasting, radio, television and film, the sum of which represented increasing economic impact on a nation's GDP and export activity.

⁴⁰¹ For more information on the allegations made against *Time Canada* by Canadian publishers, see, for example, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 19, 1998.

⁴⁰² Sandra Graham (representing Canadian Association of Broadcasters), Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications [electronic resource]*, 36th Parliament, 1st Session, no. 27, May 4, 1999.

Culture was one of America's most important industries in terms of GDP and exports, and was showing to be extremely lucrative for other countries developing a domestic cultural industry in the form of periodicals, books, music and audio-visual.

Culture is a knowledge rich sector that requires high levels of highly paid, skilled staff, resulting in a politically attractive industry. To gain a better understanding of the motivations of the Canadian government to support the Canadian periodical industry to the extent it did, it is essential to understand the economic impact the Canadian cultural sector represented in terms of both GDP and employment, as well as its export potential.

5.2.1 Economic Relevance of Culture in Domestic Terms

At the start of the 1990s Montreal had four local film crews. Today there are 28. Last year movies earned Vancouver about \$675 million. City officials expect that number to double in the next decade, while this month Vancouver Film Studios announced a \$49 million expansion. Toronto and Halifax are rolling in production money. An industry that was once characterised by dutiful and occasionally brilliant documentaries from the National Film Board and video-bound stinkers like *Police Academy II* has matured in 10 years into a network of globally competitive films.⁴⁰³

Throughout the split-run magazine dispute and the resulting legislative deliberations, the importance of the cultural sector in providing jobs and improving the Canadian economy was constantly reiterated. The industry was touted with representing an expanding, lucrative cultural sector providing high skill and high pay jobs. For example, in 1995 Canadian Heritage publicly celebrated the success of the cultural industries, noting more than 670,000 Canadians worked in culture-related jobs.⁴⁰⁴ Further, in the preceding decade, the total culture labour force had grown approximately 32%, compared with 12% growth in the general population and 15% growth in the experienced labour force, indicating the increasing relevance of the cultural sector to the Canadian economy.⁴⁰⁵

Further positioning the periodical industry and the split-run dispute within the context of the broader cultural sector, Canadian Heritage Deputy Minister Hurtubise opened the Parliamentary Standing Committee on Canadian Heritage with an outline of the

⁴⁰³ Andrew Purvis, "Look Who's On the Marquee," *Time Canada* 154, no. 6, August 9, 1999, 42.

⁴⁰⁴ Canada, Canadian Heritage, "Culture Labour Force Growing, New Publication Reports," *News Release*, May 1, 1995, http://www.pch.gc.ca/newsroom/index_e.cfm?fuseaction=displayDocument&DocIDCd=5NR167 (accessed April 25, 2007).

⁴⁰⁵ Canada, Canadian Heritage, "Culture Labour Force Growing, New Publication Reports"

economic relevance of the sector in 1996.⁴⁰⁶ First, Hurtubise highlighted Canada's cultural industries contributed \$24 billion annually to Canadian GDP, representing 3% of the country's GDP. In contrast, Hurtubise highlighted transportation and agriculture sectors contributed \$25 billion and \$11 billion respectively to GDP. Additionally, Hurtubise noted the cultural industries contributed \$11 billion in indirect GDP. Finally, Hurtubise boasted cultural industries employ 750,000 citizens, accounting for 6% of total Canadian employment. From these figures, it is obvious Canadian culture is a lucrative industry, rivalling transportation in terms of relevance while directly contributing more than double the agricultural sector to the Canadian economy. Further, considering cultural industries accounted for roughly 6% of Canadian employment, the political and economic relevance of the Canadian cultural industry becomes apparent. These figures were reiterated by a 1997 DOCH news release which outlined significant growth and success of Canada's culture sector accounted for almost a million jobs and directly contributed \$29.6 billion to the economy.⁴⁰⁷ These are substantial figures in the Canadian context. Cultural industries were becoming a key contributor to the Canadian economy, indicating a feasible justification for protection not only by the DOCH but by other areas of government as well.

The significance of employment in the cultural sector to the Canadian economy was restated by Cops in 1998 in her appearance before Standing Committee on Canadian Heritage.⁴⁰⁸ Further, the arts and culture sector was deemed the fastest growing employer in the Canadian economy, accounting for over 5% of all jobs in Canada and 3% of total employment, equating to \$22.4 billion in employment.⁴⁰⁹ Figures from Statistics Canada validate these claims, indicating high employment in the cultural sector, but also warning of slowing in cultural employment between 1998 and 2002 when the cultural sector consistently employed between 3.7 to 4% of the entire Canadian workforce.⁴¹⁰

⁴⁰⁶ Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 35th Parliament, 2nd Session, March 19, 1996, (Ottawa : The Committee, 1996), http://www.parl.gc.ca/35/Archives/committees352/heri/evidence/02_96-03-19/heri-02-cover-e.html (accessed May 2, 2007).

⁴⁰⁷ Canada, Canadian Heritage, "Round-Table Meeting on Culture," *News Release*, January 23, 1997, http://www.pch.gc.ca/newsroom/index_e.cfm?fuseaction=displayDocument&DocIDCd=7NR219 (accessed April 24, 2007).

⁴⁰⁸ Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 17 1998.

⁴⁰⁹ Wyman, *The Defiant Imagination*, 28.

The SAGIT also focussed on the importance of the Canadian cultural industries to the economy in their 1999 report.⁴¹¹ First, the SAGIT noted that between 1989 and 1994 the sector grew by 9.9%, surpassing growth in other key sectors of the Canadian economy, including transportation, agriculture and construction. Second, the SAGIT highlighted that many jobs in cultural industries were knowledge-based, adding to a highly skilled workforce that impacted Canadian technological innovation. Third, the SAGIT highlighted the importance of cultural sectors in Canadian employment, noting culture represented 5% of the total labour force in 1994. Fourth, the SAGIT stated that while employment in cultural industries was growing, employment in the rest of the country decreased by .05%. Finally, the SAGIT pointed to the robust nature of cultural employment, highlighting anticipated growth of the arts, culture, sports and recreation sectors of more than 45%, again highlighting the impact of increases in employment in the sector on the economy.

The DOCH, the SAGIT and Canadian cultural industry leaders were not the only groups monitoring the economic impact of the sector. In 1999 the Standing Committee on Foreign Affairs and International Trade also noted the importance of culture to the Canadian economy in their report focussing on free trade. Considering this report was released at the height of the split-run dispute, it is interesting to note it specifically outlined the relevance of Canadian culture to the economy. The report noted conservative estimates of revenues of Canadian cultural industries were set at \$20 billion for 1994-1995, representing approximately 3% of the country's GDP. Further evidencing the importance of the cultural industries to Canada, by 1999 Canada had 14,531,200 total workers, 447,400 (3.1%) of which were related to the culture sector.⁴¹² Additionally, these statistics overlook the huge indirect economic impact from Canada's culture sector such as paper production for newspapers and periodicals, production catering and restaurants serving theatre goers. Thus, the industry has far-reaching, immeasurable ramifications than captured in the statistics relating to culture.

However, despite its apparent economic relevance, the first official, comprehensive statistical report focussing specifically on the economic relevance of culture in Canada was only released in 2004, citing statistics from the late 1990's and early

⁴¹⁰ Statistics Canada, "The Culture Sector Labour Force: Has the 1990's Boom Turned to Bust?" *Focus on Culture* 14, no.3 (2004): 1-8, 3.

⁴¹¹ Canada, Cultural Industries Sectoral Advisory Group on International Trade, *New Strategies for Culture and Trade, Canadian Culture in a Global World [electronic resource]*.

⁴¹² Statistics Canada, "Culture Jobs Increasing: Update on the Culture Labour Force Using the Labour Force Survey," *Focus on Culture* 12, no. 2 (2000): 6.

2000. The findings of this 2004 Statistics Canada study conclude “culture is an indispensable part of the Canadian economy, permeating and adding value across the entire economy.”⁴¹³ Analysing the economic value of the sector to the Canadian economy, the study found the culture sector contributed, on average, more than \$33 billion [CDN] to Canadian GDP, consistently representing 3.8% of Canadian GDP between 1996 and 2001 (Figure 5.1).⁴¹⁴ The study also analysed the scope of employment within Canadian cultural industries, noting that not only had the sector accounted for almost 4% of all Canadian employment, but also that employment in the culture sector was the fastest growing element of the Canadian economy throughout the period studied of 1996 to 2001.⁴¹⁵

⁴¹³ Vik Singh, Statistics Canada, *Culture, Tourism and the Centre for Education Statistics, Economic Contribution of Culture in Canada*, no. 81-595-MIE2004023, (Ottawa: Statistics Canada, 2004), http://epe.lac-bac.gc.ca/100/200/301/statcan/culture_tourism_research_81-595-e/2004/023/81-595-MIE2004023.pdf (accessed December 12, 2007), 6.

⁴¹⁴ Vik Singh, Statistics Canada, *Culture, Tourism and the Centre for Education Statistics, Economic Contribution of Culture in Canada*, no. 81-595-MIE2004023, 6.

⁴¹⁵ Vik Singh, Statistics Canada, *Culture, Tourism and the Centre for Education Statistics, Economic Contribution of Culture in Canada*, no. 81-595-MIE2004023, 6.

Figure 5.1 Culture sector GDP

	1996	1997	1998	1999	2000	2001	Average (1996 to 2001)	Percentage change (1996 to 2001)	Average actual percentage growth rate (1996 to 2001)
Total Canadian GDP at current dollars (millions)	774,404	816,763	840,473	903,750	995,219	1,022,055	892,111	32.0	5.7
GDP from the culture sector at current dollars (millions)	29,233	30,441	32,375	33,953	37,489	38,486	33,663	31.7	5.7
Culture sector GDP as a percentage of Canadian GDP	3.77	3.73	3.85	3.76	3.77	3.77	3.77		

Source: Vik Singh, *Economic Contribution of Culture in Canada*, Culture, Tourism and the Centre for Education Statistics Division, Statistics Canada, Government of Canada, Catalogue no. 81-595-MIE2004023, 2004, pg. 9.

Based on these findings, it is evident the Canadian culture sector grew in pace with Canadian GDP. Further, as employment in the sector increased at a faster rate than GDS throughout the late 1990's and into the new millennium (Figure 5.2), culture was becoming an increasingly relevant aspect of the Canadian economy.

Figure 5.2 Culture GDP and Employment 1996 to 2001



Source: Vik Singh, *Economic Contribution of Culture in Canada*, Culture, Tourism and the Centre for Education Statistics Division, Statistics Canada, Government of Canada, Catalogue no. 81-595-MIE2004023, 2004, pg. 9 & 15.

In examining the average annual percentage growth rate for each of these sub-sectors, it becomes apparent that the government of Canada had an economic motivation to maintain protection of these industries. Specifically relating to the split-run case, both advertising and written media were experiencing above average

growth. As depicted in Figure 5.3, both advertising and written media were experiencing annual growth rates in excess of 7%. Meanwhile film and broadcasting, the two other cultural sub-sectors that were arguably most impacted by American competition were also outpacing the growth of Canadian GDP, experiencing average annual growth rates of 9% and 6.1% respectively throughout the time of the split-run dispute.⁴¹⁶

Figure 5.3 Culture Sub-Sectors

Culture sub-sectors (current \$ millions)	1996	1997	1998	1999	2000	2001	Average (1996 to 2001)	Percentage share of culture GDP average (1996 to 2001)	Average annual percentage growth rate (1996 to 2001)
Written Media	11,787	12,619	13,328	13,843	15,576	16,745	13,983	43	7.3
Broadcasting	3,347	3,781	3,782	3,857	4,237	4,468	3,912	12	6.1
Film Industry	2,113	2,124	2,565	2,876	3,069	3,212	2,660	8	9.0
Advertising	1,731	1,840	1,851	2,235	2,532	2,493	2,114	7	7.9
Performing Arts	1,460	1,368	1,563	1,582	1,303	1,373	1,442	4	-0.6

Source: Vik Singh, *Economic Contribution of Culture in Canada*, Culture, Tourism and the Centre for Education Statistics Division, Statistics Canada, Government of Canada, Catalogue no. 81-595-MIE2004023, 2004, pg. 13 & 14.

These trends noted in the sub sector contributions to GDP are also reflected in the culture employment in the top five sub-sectors. As depicted in Figure 5.4, written media accounted for 31% of culture employment throughout the period 1996-2001, making it the largest contributor to both Canadian economics and employment within the culture sub-sectors. Further, advertising featured prominently in annual employment growth.

⁴¹⁶ For more on the economic competition in these sub-sectors, see for example Grant and Wood, *Blockbusters and Trade Wars*, Part 1.

Figure 5.4 Culture Employment by Top 5 Sub-Sectors

Culture employment by top 5 sub-sectors	1996	1997	1998	1999	2000	2001	Average (1996 to 2001)	Percentage share of culture employment average (1996 to 2001)	Average annual percentage growth rate (1996 to 2001)
Written Media	156,000	160,000	150,600	151,200	168,000	165,500	158,500	31	.4
Broadcasting	45,900	42,400	47,000	45,500	51,500	56,600	48,200	10	1.4
Film Industry	44,000	49,800	63,800	78,800	84,000	91,800	67,500	13	9
Advertising	36,400	36,400	39,900	42,000	47,100	49,000	41,800	8	2.7
Performing Arts	24,000	21,600	22,200	20,900	21,000	21,100	21,800	4	-1.5

Source: Vik Singh, Economic Contribution of Culture in Canada, Culture, Tourism and the Centre for Education Statistics Division, Statistics Canada, Government of Canada, Catalogue no. 81-595-MIE2004023, 2004, pg. 20 & 21.

Within the broader Canadian context, culture industries accounted for a substantial portion of direct Canadian employment, accounting for 3.8 – 4.1% of total Canadian employment through 1996-2001 (Figure 5.5). Note that the figures discussed for both GDP and employment only account for figures directly relating to the cultural sectors, and do not take into account the broader reach of indirect spending or employment that may be the ancillary effect of the culture sector. It is therefore possible the impact of the cultural sector on both employment and GDP was even higher than depicted in this data. Further, as Figure 5.5 highlights, growth in employment in cultural industries outpaced the Canadian average.

Figure 5.5 Culture Sector Employment

	1996	1997	1998	1999	2000	2001	Average (1996 to 2001)	Percentage change (1996 to 2001)	Average actual percentage growth rate (1996 to 2001)
Total culture employment	517,800	513,100	537,300	554,400	604,900	611,000	556,417	18.0	3.4
Total Canadian employment	13,462,600	13,744,400	14,140,400	14,531,200	14,909,700	15,076,800	14,310,850	12.0	2.3
Culture sector employment as a percentage of total employment in Canada	3.8	3.7	3.8	3.8	4.1	4.1	3.9		

Source: Vik Singh, Economic Contribution of Culture in Canada, Culture, Tourism and the Centre for Education Statistics Division, Statistics Canada, Government of Canada, Catalogue no. 81-595-MIE2004023, 2004, pg. 9.

Based on these findings it is apparent that culture was becoming an increasingly relevant aspect of the Canadian economy. By the late 1990's, culture in Canada was deemed to have real economic impact on the nation and was being monitored in a similar fashion to traditional sectors such as agriculture and transportation. It was gaining attention not only from domestically focussed departments such as the DOCH with an obvious interest in promoting the relevance of culture to Canada, but

also by Statistics Canada and DFAIT as they factored the cultural sector into the scope of their analyses of the nation and policy deployment.

5.2.2 Economic Relevance of Culture in Export Terms

At the same time that it binds us more closely at home, a concerted information strategy will bring us both greater influence and a higher profile in the world, politically and culturally. As John Ralston Saul has argued, in the global village, your culture determines your international image. Our enhanced reputation and attractiveness will ultimately translate as greater market share for cultural goods and services and information technology, and for investment, tourism and education. In other words, as greater prosperity in Canada and more jobs for Canadians.⁴¹⁷

Culture is one of the fastest growing sectors in the world today as technology allows for increased leisure time, certainly in Western societies, and access to cultural vehicles such as Internet, digital radio and satellite television is facilitated by that technology. Reflecting the domestic trend outlined above, the economic relevance of culture was growing at an astounding rate not just in Canada, but also on a global scale throughout the period of the split-run dispute. According to UNESCO, world trade in cultural goods rose from \$47.8 billion U.S. in 1980 to \$213.7 billion U.S. in 1998.⁴¹⁸ However, despite these large figures, only a handful of countries had a disproportionate degree of control over the international trade of culture. Yet, although the United States was obviously perceived as a dominating power, Canada was also a surprisingly large trader of culture:

The U.S. aside, Canada – and its artists and cultural entrepreneurs – has elbowed its way into the topmost tier of exporting nations, against countries two or three times its size. In the past decade, Canada has become the world's second largest exporter of TV programming. It is a major exporter of action dramas, children's programming, feature films and digital effects. It is home to the largest independent animation company in the world...which licenses programming to more than 180 countries. Even in publishing, where concerns about survival are usually never-ending, executives report exports of books by Canadian authors have trebled in the past decade, and foreign-rights sales are booming.⁴¹⁹

⁴¹⁷ Canada, Department of Foreign Affairs and International Trade, "Notes for an Address by the Honourable Lloyd Axworthy, 'Foreign Policy in the Information Age'", Ottawa, Ontario, December 6, 1996, http://w01.international.gc.ca/Minpub/PublicationContentOnly.asp?publication_id=377049&Language=E&MODE=CONTENTONLY&Local=False (accessed 2 May, 2007).

⁴¹⁸ UNESCO Institute for Statistics, *International Flows of Selected Cultural Goods, 1980-98* (Paris: UNESCO Institute for Statistics, 2000), 4.

⁴¹⁹ Purvis, "Look Who's On the Marquee," 42.

Within Canada cultural exports had greatly increased, almost doubling from 1996 to 2000, narrowing the trade deficit in this sector and therefore revealing an important aspect to the cultural debate:

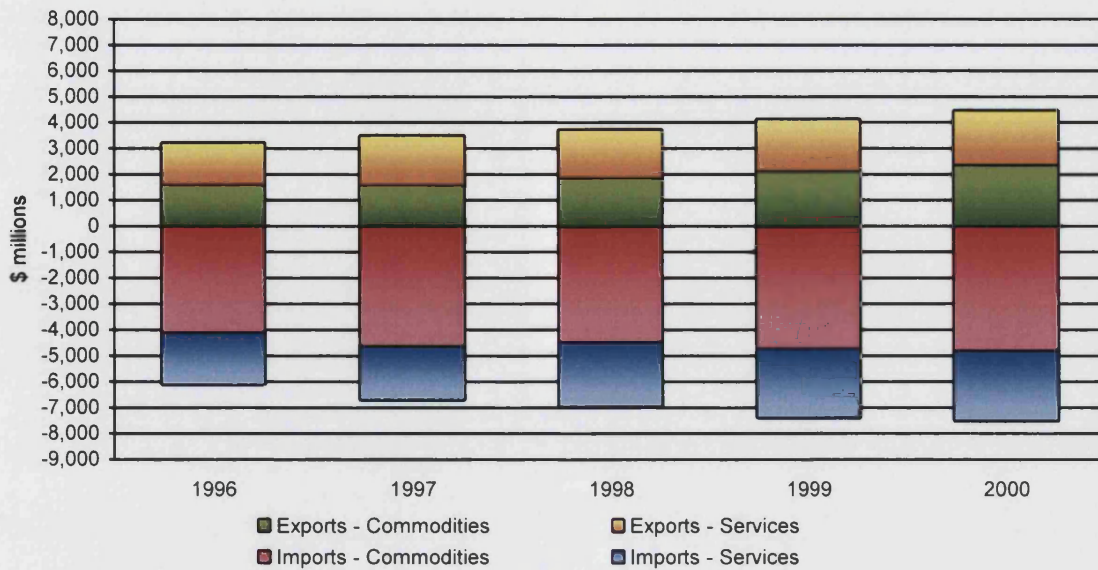
Canadian film and video producers now earn almost a third of their home entertainment revenues from foreign sales. Canadians sell more television programming abroad than any other country, next to the United States. Canadian songwriters and composers earn more royalties for the use of their music abroad than they do in Canada.⁴²⁰

As seen in table 5.6, Canadian cultural exports had increased each year throughout the period at a faster rate than imports. The export of cultural commodities increased by 47.3% in the period, with cultural services and intellectual property increasing by 29.4% for a total growth rate in cultural exports of 38.4% throughout the period. This contrasts with the slowing of the importation of cultural commodities, which only grew 17.2% in the period, but was evened out by higher growth in imported cultural services and intellectual property at 33.6%, with a total change of 22.7%. In fact, Canadian exports in the cultural sector increased from \$1.27 billion in 1996 to \$2.29 billion by 2002 – an average growth rate over 10% a year, far outperforming the Canadian economy. Throughout the same period, cultural imports only increased from \$3 billion in 1996 to \$3.6 billion by 2002 – an average growth rate of less than 3% a year. Further, Statistics Canada reported exports increased every year (\$200 million on average) whereas imports actually decreased for the period of 1999 through to 2001 before increasing again in 2002.⁴²¹ Not only does this explain increasing political interest in the Canadian cultural sector, but it also suggests why the American cultural industries were rallying the U.S. government to apply pressure to Canadian cultural legislation that restricted full access to the Canadian market.

⁴²⁰ Canada, Department of Foreign Affairs and International Trade, "Notes for an address by the Honourable Art Eggleton, Minister for International Trade, on the occasion of a panel discussion 'Can Canada maintain its cultural identity in the face of globalization?'" , Osgood Law School, York University, January 27, 1997. http://w01.international.gc.ca/Minpub/Publication.aspx?isRedirect=True&publication_id=376286&Language=E&docnumber=97/3 (accessed 2 May, 2007).

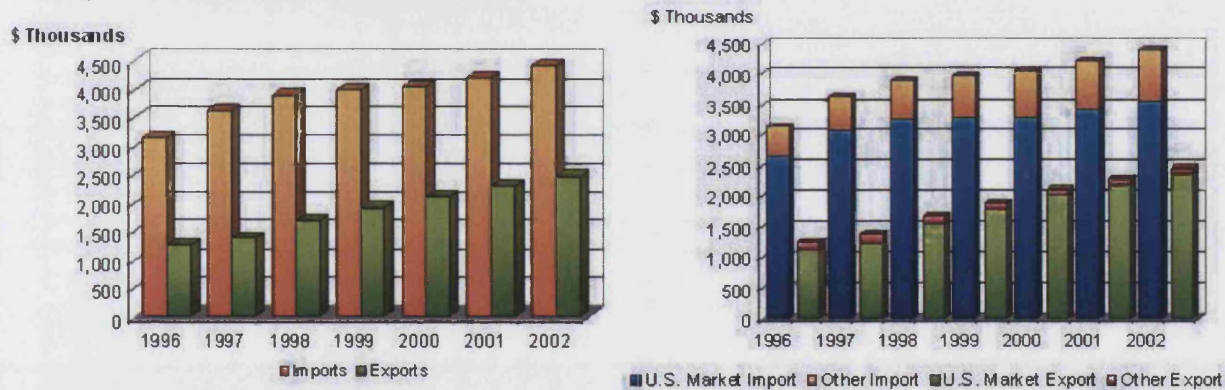
⁴²¹ Statistics Canada, *Culture Trade and Investment Project 2002: Culture Goods Trade Estimates: Data Tables* (Statistics Canada: Canada, 2003), Catalogue No 87-007-XIE, <http://www.statcan.ca/english/freepub/87-007-XIE/data.htm> (accessed 25 Apr 2007).

Figure 5.6 Canadian Cultural Imports and Exports



*Source: Statistics Canada: Culture, Tourism and the Centre for Education Statistics Division, as found in Focus on Culture, Vol 12, No. 4., pg. 3.

Figure 5.7 Total Cultural Imports and Exports



Source: Statistics Canada: Culture Goods Trade 2004; Culture Trade – Goods: Data Tables, October 2005, catalogue no. 87-007-XIE.

Further, as depicted in Figure 5.7, although trade in cultural goods was concentrated with the United States, the same trend was apparent in terms of exports outpacing imports within this bilateral trade relationship. From 1996 to 2002, American cultural imports grew at a compound rate of 4.19% while exports of Canadian cultural goods to the United States grew at a compound rate of 11.25%.

Despite increases in Canadian cultural exports to the United States, Canada was keen to diversify its cultural trading partners. In exploring opportunities for Canadian cultural goods and services in other countries, Canada could also potentially open the global cultural market which at the time was dominated primarily by western nations. In 1998, the top fifteen importers of culture accounted for over 95% of all

cultural imports. On the export side, the top fifteen exporters accounted for over 90% of all exports.⁴²² Canadian cultural trade was highly concentrated with the United States consistently accounting for over 95% of all cultural exports. Canada had recognised the need to diversify its trade in culture to be less reliant, and therefore reduce its vulnerability to trade disputes if challenged on domestic cultural policies, on the United States. Expanding the exposure to and partnership potential of countries with relatively low cultural trade at that time could allow cultural trade to explode, offering potential for growth in Canadian exports:

Given its current performance in commodity markets other than the United States, it would appear that there is scope for Canadian exporters to make important gains in market access negotiations in these regions.⁴²³

This was further evidenced by the DOCH:

Although the primary destination for Canadian exports of cultural goods and services will likely continue to be the U.S.A., Canadian cultural exporters need to diversify their markets. Europe is a priority market: Asia and Latin America are emergent markets. The longer-term viability and competitiveness of the sector, given the relatively limited size of the domestic market, will increasingly depend on international business success.⁴²⁴

This sentiment was further expanded in the 1999 Throne Speech, which identified the need to focus on sectors with high export value, including culture. Specifically, the Governor General stated it would increase its trade promotion in "strategic sectors with high export potential", naming culture as one such industry.⁴²⁵

In 1998, Minister of Foreign Affairs and International Trade Sergio Marchi highlighted growth in Canadian exports had far outpaced the growth of the Canadian economy in every year since 1992, with over 40% of Canadian GDP tied to exports. Contrasted to other nations, Canada's GDP to exports ratio was the highest in the G7 with the UK second.⁴²⁶ It is apparent Canadian cultural exports were becoming an increasingly important aspect of Canadian foreign trade, not only because of their individual value, but also because of the impact of the trade of cultural goods in

⁴²² UNESCO Institute for Statistics, *International Flows of Selected Cultural Goods, 1980-98*, 8.

⁴²³ Statistics Canada, "Market Opportunities: International Trade of Culture Goods and Services," *Focus on Culture* 12, no. 4 (2000): 1-8, 4.

⁴²⁴ Statistics Canada, "International Trade in Culture Commodities: A Semi-Annual Review, 2001," *Focus on Culture*, 13, no. 2 (2001): 6-10, 8.

⁴²⁵ Canada, Governor General, "Building a higher quality of life for all Canadians: speech from the Throne to open the Second Session of the Thirty-sixth Parliament of Canada", Ottawa, Ontario, October 12, 1999, http://www.pco-bcp.gc.ca/default.asp?Language=E&Page=sftddt&doc=sftddt1999_e.htm (accessed April 6, 2007).

⁴²⁶ Marchi, Canada, Parliament, House of Commons, Standing Committee on Foreign Affairs and International Trade, *Evidence Standing Committee on Foreign Affairs and International Trade*, 36th Parliament, 1st Session, December 2, 1998, (Ottawa : The Committee, 1998),

opening up new markets. Based on these factors, the government was becoming increasingly aware of the growing relevance of Canadian cultural exports, especially in terms of their exponential growth and the slowing of cultural imports. Although still relatively small, the growth of cultural exports throughout the split-run dispute from 1996 to 2002, as outlined above, made the sector one worth monitoring and defending. Therefore, consideration of the Canadian government's motivations in protecting the domestic cultural industries through legislation restricting competition for domestic advertising revenue must be perceived in the context of the increasing value of culture to Canadian GDP and its growing export value.

Finally, although some statistics on cultural goods are available, it is much more difficult to highlight economic trends in international trade of Canada's cultural services. Statistics relating to trade identify audio/visual services, computer and information services, royalties and licence fees, equipment rentals, management services, engineering, construction and so on, but do not further break these down by sector. Thus, it is extremely difficult to identify the economic importance of cultural services, as the Statistics Canada category of 'Royalties' may include patents and licences unrelated to cultural goods and services, as well as copyright, which may or may not relate to cultural industries. The same is true for equipment rentals or construction – some of this work is most likely related to cultural industries, especially in terms of film set production, but there is no indication of how much relates to cultural industries as opposed to other industries. The statistics that are available for services indicate that in 2001 services accounted for 48% of all cultural exports and for 35% of cultural imports.⁴²⁷

5.3 Redefining the Canadian Economy

The global economy is changing; that prosperity in the future will be determined not so much by the resources a country possess, but by the resourcefulness its people demonstrate.

In such a world, knowledge is the new currency, and those countries that make the shift to a knowledge-based economy will leap-frog their neighbours and pass their competitors.⁴²⁸

<http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?SourceId=51587&Lang=1&PARLSES=361&JNT=0&COM=112> (accessed May 2, 2007).

⁴²⁷ Statistics Canada, "International Trade in Culture Commodities: A Semi-Annual Review, 2001," 6.

⁴²⁸ Canada, Department of Foreign Affairs and International Trade, "Notes for an Address by the Honourable Sergio Marchi, Minister for International Trade to the Canada-Saudi Business Council and Chamber of Commerce," Riyadh, Saudi Arabia, February 22, 1999, http://w01.international.gc.ca/Minpub/Publication.aspx?isRedirect=True&publication_id=374921&Language=E&docnumber=99/10 (accessed May 2, 2007).

In the run up to the millennium, Canada was evaluating its economy. Perpetually perceived as a hinterland economy with some modest manufacturing capacity, the Canadian government was well aware that it was going to encounter increasing competition in manufacturing and that it could not rely on natural resources alone to sustain the economy. As a result, the government had decided to focus on increasing its competitive advantage as the new millennium approached by transforming into a knowledge-based economy. The cultural sector was expected to play an important role in this redefinition, adding another aspect of economic motivation to the political interest in the health of the sector.

In as early as 1995, in their review of Canadian foreign policy objectives, the Standing Committee on Foreign Affairs and International Trade had recommended culture should become one of the department's priorities. The reasoning behind this included the relationship between culture and the redefinition of the Canadian economy away from its traditional resource and manufacturing based focus. These components were reflected in DFAIT's response to the Committee's recommendations:

Vitality of our culture is also essential to our economic success. In the new knowledge-based world economy, the skills of people, their education, ingenuity and social adaptability, will become key elements of international advantage. Our educational system, cultural diversity and continued dynamic growth in exports of cultural products and services will contribute significantly to our international achievement.⁴²⁹

This timely focus on the relationship between culture and the redefinition of the Canadian economy would come to represent a political trend of linking culture as a driving force to the changing economy of the nation.

Echoing the DFAIT report, a 1997 Government of Canada report focussing on heritage in the new millennium stressed the increasing importance of culture not only to Canadian nationalism, but also to economic success in a changing world. This report highlighted the economic relevance of Canada's cultural industries in an economy based on "ideas, information and innovation."⁴³⁰ The report also outlined a strategy to "strengthen cultural expression and to ensure an effective, visible

⁴²⁹ Canada, Department of Foreign Affairs and International Trade, "Canada In the World, Canadian Foreign Policy Review," (Ottawa: Department of Foreign Affairs and International Trade, 1995), http://www.international.gc.ca/foreign_policy/cnd-world/menu-en.asp (accessed April 25, 2007), Summary.

⁴³⁰ Canada, Canadian Heritage, *Strengthening and Celebrating Canada for the New Millennium: Canadian Heritage Portfolio: Overview of Priorities: For the Planning Period 1997-1998 to 1999-2000*, (Ottawa: Government of Canada, 1998), <http://www.pch.gc.ca/pc-ch/mindep/misc/millennium/english.htm> (accessed September 1, 2003), Executive Summary.

Canadian presence in both conventional and new media", to ensure the cultural sector benefits from the changing global economy.⁴³¹ This strategy championing Canadian culture as a political priority in the advent of the new millennium was important on many fronts. It not only exemplified buoyant domestic support for the sector, but also highlighted the role of the cultural industry as an emerging sector in the global economy.

In 1998 DFAIT released a report in which it stated its intentions to focus on expanding Canada's knowledge based economy as it entered the new millennium, noting expansion of export-oriented industries such as culture support high wage and knowledge-intensive jobs in Canada.⁴³² Further, throughout the redefinition of Canadian foreign policy objectives in the late 1990's in response to ensuring effective foreign policy in the context of an increasingly globalised world, there was a consistent push to define Canada as a service provider. This deviated from the traditional perception of Canada based on its resource rich geography and second as a manufacturer and as a tertiary service provider more as an afterthought. Based on the export information discussed above, culture was becoming an increasingly lucrative industry not only in terms of export value, but also in terms of showcasing and developing Canadian skills.

This perspective was reiterated by DFAIT Minister Sergio Marchi in a presentation before the Standing Committee on Foreign Affairs and International Trade. Highlighting five key areas in which Canada could expand its export markets, Marchi noted that Canada had to shift its international trade focus from the traditional exportation of goods to one of services. Marchi specifically highlighted culture as an area of focus in international trade going forward and stressed that the country would have to focus on developing and sustaining the tools required to be effective Canadian exporters of cultural services:

We have to move from the traditional market of selling our goods to the whole new world of services. How do we also export our public sector expertise and experience? How do we market our culture? How do we also market international education? There's a shift taking place, from goods to services, and that shift also means that we, as a group of ambassadors and trade commissioners and

⁴³¹ Canada, Canadian Heritage, *Strengthening and Celebrating Canada for the New Millennium: Canadian Heritage Portfolio: Overview of Priorities: For the Planning Period 1997-1998 to 1999-2000*, Executive Summary.

⁴³² Canada, Department of Foreign Affairs and International Trade, *Opening Doors to the World: Canada's International Market Access Priorities 1998* (Ottawa: Department of Foreign Affairs and International Trade, 1998), 2.

consul generals across the world, will have to equip ourselves with the new world of services.⁴³³

Further, the SAGIT presented the cultural sector as exactly the type of knowledge based industry DFAIT was promoting for the future of Canadian economic growth and sustainability. In their 1999 report, the SAGIT noted that many of the jobs in Canada's cultural industries were knowledge based, requiring "creativity, critical thinking and the knowledge and skills to use advanced technology."⁴³⁴ The SAGIT argued that people working in Canada's cultural industries were highly marketable in other fields, thereby adding value to society and advancing Canada's technological expertise, deeming cultural industries were "a driving force in technological innovation."⁴³⁵

Therefore, Canadian culture, although not one the countries' largest export sectors, was becoming increasingly relevant in its own right. At a time when Canada was concerned about its economy and was trying to transform its exports from natural resources to services, culture showed the potential for growth, acting as a key component to the redefinition of Canada as a knowledge based economy.

5.4 Summary

In examining the economic side of the Canadian cultural sector, one can see the justification for political interest in the welfare of this segment of the Canadian economy. The cultural industries were growing in both Canada and America. Cultural industries represented a substantial sum to national GDP for both countries, as well as representing a contributor to exports and a market with growth potential in a changing global economy. In this context, one must wonder if the continued Canadian protection of the sector was not inherently linked to retaining cultural revenue, industries and employment within its borders while increasing its market share of exports. Throughout the debate surrounding Bill C-55, the parliamentary participants referred to Canadian jobs, the cultural industry, and the ongoing success of cultural industries, clearly displaying the innate link between the political interests in the Canadian cultural industries to the Canadian economy.

⁴³³ Canada, Parliament, House of Commons, Standing Committee on Foreign Affairs and International Trade, *Evidence Standing Committee on Foreign Affairs and International Trade*, 36th Parliament, 1st Session, December 2, 1998.

⁴³⁴ Canada, Cultural Industries Sectoral Advisory Group on International Trade, *New Strategies for Culture and Trade, Canadian Culture in a Global World [electronic resource]*.

⁴³⁵ Canada, Cultural Industries Sectoral Advisory Group on International Trade, *New Strategies for Culture and Trade, Canadian Culture in a Global World [electronic resource]*.

The interest in the split-run dispute by other Canadian cultural industries combined with government subsidies to the periodical sector despite profits and no indication of the perceived threat of foreign publishers coming to fruition are indicative of the political and industrial interest on a wider scale in the split-run dispute. The political response to the split-run dispute was representative of Canadian legislative regulation in other cultural sectors, including radio and television in that regulation of these sectors had been implemented under the same guise as legislation of the periodical sector in the pretext of ensuring Canadian access to Canadian stories. However, despite the nationalist facade, Canadian cultural legislation could be argued to have merely supported the Canadian cultural sector economically as appears to be the case with the periodical industry in Canada. Canadian cultural legislation can be perceived as motivated by developing a rather lucrative domestic industry that competes on the international stage rather than having any real interest in the promotion of Canadian stories for a Canadian audience. Rather, proponents of the proposed legislation advertised the growing relevance of cultural industries to the Canadian economy and employment in a knowledge based economy.

Therefore, it appears the economic impact on the cultural industry was an important aspect of the split-run dispute, focussing on the economic health of the industry rather than ensuring periodicals in Canada reflected their audience through Canadian stories or perspective. In assessing the motivations of the consequent legislative proposals and overt political support for the private sector cultural industries of Canada, economics were arguably a motivating factor in the Canadian determination to restrict foreign access to the Canadian advertising market. Beaubien, president of the CMPA, put the industry's concern regarding potential loss of advertising revenue into perspective in his appearance before the Standing Committee on Canadian Heritage: "This has never been about access to our market, it's been about advertising."⁴³⁶ Equally, the proposed Bill C-55 reflected this perspective, focussing on access to Canadian advertising revenue rather than imposing a Canadian content clause on publications in Canada. Culture and identity were not the issue – money was. Despite the publishers and the DOCH's arguments that the sustainability of the Canadian cultural sector was dependent on domestic publishers' access to Canadian advertising revenue, the absence of any discussion regarding Canadian content in Bill C-55 or the discussions surrounding it is questionable. Instead, as the debate intensified, the evidence presented to the

various House and Senate Committees overtly targeted the economic relevance not only of the periodical industry to the Canadian economy, but also of the larger cultural sector and its impact on GDP, export value and as a key aspect in the shift to a knowledge based economy.

Further, it appears the split-run dispute also gained political attention as Canada was undergoing a transformation of its economy, from its traditional resource and manufacturing base to a knowledge based economy. In realising this shift, cultural industries were flagged as a highly lucrative aspect of Canada's knowledge base, as well as acting as a catalyst in expanding the shift to knowledge based employment in Canada. It was widely acknowledged that Canadian cultural industries, including the periodical sector, promoted new technologies and facilitated information transfer, assisting in the transformation of the economy away from traditional industries. Due to this key aspect of cultural industries in a period when Canada was redefining its economy, culture gained additional political focus and support.

Each of the findings in this chapter points to the fact that there was a distinct relationship between protectionist Canadian cultural legislation and the economic contribution of the sector. The split-run dispute was indicative of the government's and the periodical industry's focus on retaining Canadian advertising revenue for the domestic industry. It was also representative of the larger economic impetus behind the protection of Canadian cultural industries as a whole.

However, the findings in this chapter also indicate the economic focus of the government on cultural industries does not reflect the appropriate documented scrutiny of one of Canada's standard economic contributors facing competition and loss of revenue to the United States. For example, the political involvement in the forestry industry and the Canadian automotive industry are well documented and speak for themselves, consistently making Canadian headlines and factoring largely in political discourse. Although culture was gaining increasing political attention in Canada, political economic interest in this industry still did not rival that of the other traditional contributors to the Canadian economy. In 1983 Audley noted that the statistical information relating to the periodical industry was incomplete.⁴³⁷ A few years later Globerman noted a major constraint on analysis of the effectiveness of

⁴³⁶ Beaubien, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 26, 1998.

⁴³⁷ Paul Audley, *Canada's Cultural Industries*, 54-69.

cultural policy was “cursory and fragmentary” data.⁴³⁸ Continuation of this trend is illustrated by the continued lack of historical information on the economic contribution of culture to Canadian GDP and exports. It is only throughout the split-run dispute that these metrics have been comprehensively collected and analysed by the government. Prior to Singh’s 2004 analysis there was actually very little consistent data available on the relevance of culture to the Canadian economy, a fact that speaks volumes in terms of political awareness, or rather lack thereof, of the value of the cultural sector to the Canadian economy.

⁴³⁸ Steven Globberman, *Culture, Governments and Markets*, 5.

Chapter 6: Stakeholder Interests as the Impetus for Protectionist Cultural Policy

This chapter investigates the second hypothesis that 'stakeholder interests and political relationships are the motivating factors driving protectionist cultural policy in Canada in an era of trade liberalisation'.

Throughout the split-run dispute and consequent development of new cultural legislation a handful of stakeholders and politicians in both the House and the Senate questioned the proposed Bill C-55, from both a legislative perspective, and a motivational perspective, alluding to a 'special' relationship between the government and publishers. According to these allegations, specific publishers had preferential access the government including private audiences with the DOCH and senior government officials which allowed them to lobby and provide information affecting development of the proposed Bill. Meanwhile, the advertisers claimed they were denied meetings with the government until the Bill was already in final stages in a second reading in the House of Commons. Thus, despite presenting compelling arguments against the Bill stakeholders such as the advertisers were not able to influence the shape of the legislation. Consequently, the advertisers and politicians contended the consultation allegedly overstepped the bounds of legitimacy, leading to accusations the government was acting to protect the interests of the major publishers and lucrative political relationships with media industries at the expense of effective policy. On more than one occasion during consideration of Bill C-55 by the Standing Committee, the House and the Senate, the revelation of the extent of the involvement of the publishers in the development of Bill C-55 was cause for discussion and concern.

By evaluating the advisory role of the publishers in the development of the legislative proposals culminating in Bill C-55, the bilateral trade agreement and the consequent subsidy program, this chapter aims to determine if political relationships with specific private sector stakeholders was the true motivation driving the development of contemporary Canadian protectionist cultural policy. Further, this chapter aims to determine if the Canadian government compromised effective and impartial policy development through preferential treatment to specific stakeholders.

6.1 Allegations of a Special Relationship

Throughout the split-run dispute, the WTO tribunal, the development and consideration of Bill C-55 and finally the introduction of the CMF, the government was in consultation with stakeholders for information relating to the industry. However, discrepancies relating to who was consulted from the industry, when and to what extent, led to allegations of a special relationship between the government and the publishers.⁴³⁹ These allegations focussed on the exchange of information between the government and specific publishers at every stage of policy development while other private sector interests contended they were not consulted or informed throughout the process. Most notably, the Association of Canadian Advertisers claimed to have been excluded from any consultation process while leading publishers apparently had access to politicians, allowing the publishers to present a biased case to the government which affected policy development.

Throughout summer 1998, the ACA had contacted the ministers of the DOCH, Industry, DFAIT and Finance to express concerns regarding the direction of the development of the proposed Bill C-55. However, the advertisers were not granted meetings despite the ACA's awareness of meetings being held between the government and the publishers.⁴⁴⁰ In July 1998 the advertisers expressed their concern with the consultation process to the DOCH:

To date, Canadian Heritage officials have worked uniquely with the Canadian magazine industry in developing policy proposals for Cabinet consideration. Consultants' reports examining the purported negative effect of split-runs on the viability of Canadian magazine have not been made public, thereby preventing the ACA from providing meaningful commentary on the consultants' reports.

Further, officials with the Department of Canadian Heritage have apparently fully disclosed to the Canadian magazine publishing industry its intentions on how it intends to implement the WTO split-run decision. Indeed, they have asked the publishing industry to make a confidentiality agreement – yet have consistently “stonewalled” us in our several requests for information on the Department's intentions and to be brought into the consultative process in a meaningful way.⁴⁴¹

⁴³⁹ Association of Canadian Advertisers, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 24, 1998, (Ottawa : The Committee, 1998), <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?SourceId=51533&Lang=1&PARLSES=361&JNT=0&COM=108> (accessed May 3, 2007).

⁴⁴⁰ Kenneth Purchase and Clifford Sosnow letter to Clifford Lincoln, “Re: Reply to Testimony in Respect of Bill C-55” November 30, 1998 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 43).

⁴⁴¹ Ron Lund letter to John Manley, July 17, 1998 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 31).

Throughout communications with the DOCH requesting meetings, and prior to presenting their perspective to the Standing Committee, ACA legal representative Sosnow consistently voiced his apprehension regarding perceived preferential treatment of the publishers via a series of telephone calls and correspondence with little result.⁴⁴² Others alleged that due to the degree of the involvement of the publishers and the difficulty of access experienced by other interested parties, the development of Bill C-55 originated with the publishers as a tool to protect their companies from increased foreign competition.⁴⁴³

After numerous requests for a meeting with the government, the advertisers were finally granted the opportunity to present their case to the Standing Committee on Canadian Heritage, by which time the Bill was in its final stages of the legislative process, having already gone through the House of Commons once. At this appearance Sosnow openly stressed his concern with the special treatment granted to the publishing industry, arguing publishers had been intimately involved with Government officials in developing Bill C-55. Sosnow stressed the lack of advertisers' opportunity to participate, pointing out that despite requests for involvement, advertisers were refused because "the government had a special relationship with the Canadian magazine industry".⁴⁴⁴ Further, Sosnow recounted departmental officials had told him "there would be certain information that would be provided to the magazine industry and a certain closeness in relationship to the magazine industry that would not be afforded to advertisers in this process."⁴⁴⁵

Also appearing before the Standing Committee, Ron Lund, President of the ACA, stressed that the advertisers had not been invited to the debate by the government, had not been involved in developing Bill C-55 or in the consultation process to that point and were before the Standing Committee due to their own lobbying efforts.⁴⁴⁶

⁴⁴² See, for example, Clifford Sosnow letter to Clifford Lincoln, "Re: Request to Appear Before Committee Hearings in Respect of Bill," November 23, 1998 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 48); Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 24, 1998.

⁴⁴³ Anonymous, in telephone discussion with the author, 2004 (interview conducted in confidentiality and name of interviewee was withheld by mutual agreement).

⁴⁴⁴ Sosnow, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 24, 1998.

⁴⁴⁵ Sosnow, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 24, 1998.

⁴⁴⁶ Lund, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 24, 1998.

Sosnow explained the advertisers had trying, with no success, to be involved in the development of the legislation since May 1998 while the publishing industry was constantly involved, providing an “information advantage” to the publishers.⁴⁴⁷

Lund also outlined the frustrations of the lack of access and involvement experienced by the advertising community despite the group representing a major stakeholder in the debate to the Standing Committee:

As a matter of fact, we were never brought into the process on a request basis. On approximately June 5, we found out there was lobbying going on by the magazine publishing industry. I asked Mr. Sosnow if he would please check this out, since we were not informed about this at all. He approached Bruce Stockfish at the Department of Justice and asked if there was something going on here. Mr. Stockfish said there was, so Cliff asked why the stakeholders who are placing the advertisements wouldn't be involved in this. I think there was a red face on this. That was a Friday, I believe. By Tuesday, we had met with Bruce Stockfish. We implored to be involved.

We met with Don Stephenson, Bruce Stockfish, and Allan Clarke, and we asked to be involved at that point in time. We recapped our perspective at that point in time. We never heard from them again. We requested to have the material sent on the research. We finally got it after a period, which was nice. We were informed by Mr. François de Gaspé Beaubien that we shouldn't worry, that we'd be involved, that nothing would happen. Two days later, Ms. Copps made her announcement. We again asked to have representation, but we didn't get the chance.

The only time we were able to meet with anyone from the government was when we met with Mauril Bélanger. We were told this [Bill C-55] was going through, that we could indicate some of the changes we wanted and that it might be possible to accommodate them, but that the train had left the station. So we share your view that this has been an extremely unfair and wrong process.⁴⁴⁸

Harrison, Chair of the Institute of Canadian Advertisers, further supported these concerns, voicing similar frustrations to the Standing Committee. In addition to claiming the advertising industry was not “consulted or involved in any meaningful

⁴⁴⁷ Sosnow, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 24, 1998.

⁴⁴⁸ Lund, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 24, 1998.

way”, Harrison alleged “special consultation was reserved only for certain Canadian publishers.”⁴⁴⁹

In addition to frustration regarding the difficulty in securing a meeting with DOCH officials, once granted an appearance with the Standing Committee, the testimony of the publishers and their associations was scheduled to bookend the appearance of the ACA. This further added to the agitation of the advertisers who felt the publishers were being granted an unfair advantage by having two opportunities to present “essentially the same message “sandwiched” around the testimony of some of the representatives of the advertising industry who oppose Bill C-55.”⁴⁵⁰

Concern regarding this alleged ‘special’ relationship was also raised in the House and the Senate. For example, during deliberation of Bill C-55 in the House of Commons, MP Mark openly questioned the decisions and relationships underpinning the proposed legislation. Mark noted the lack of consultation with the advertisers, asserted the Bill represented the views of the major publishers and concluded “this magazine bill is a good example of bad legislation.”⁴⁵¹ This scepticism was widely supported by other parties who believed the Bill was designed to protect the interests of the major publishers, as exemplified by the following:

Bill C-55 was not about protecting Canadian voices as it were. Bill C-55 was about protecting Roger’s, Maclean’s, the large Canadian magazine industry. Really, if they wanted to do it in a trade consistent manner or at least a much more arguably trade consistent manner, they could have simply done it on the basis of special treatment for publications with a small circulation, regardless of where they’re from but it wouldn’t be as effective in sheltering Maclean’s from foreign competition, and that’s really what it was all about.⁴⁵²

Supporting this view in another round of debates in the House of Commons, Mark alleged the government was supporting Bill C-55 on behalf of the publishing industry, and specifically “two large corporations.”⁴⁵³ MP Howard Hilstrom

⁴⁴⁹ Harrison, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 24, 1998.

⁴⁵⁰ Anonymous, in telephone discussion with the author, 2004 (interview conducted in confidentiality and name of interviewee was withheld by mutual agreement).

⁴⁵¹ Mark, Canada, Parliament, *Debates of the House of Commons of Canada (Hansard) [electronic resource]*, No. 178, 36th Parliament, 1st Session, February 10, 1999.

⁴⁵² Anonymous, in telephone discussion with the author, 2004 (interview conducted in confidentiality and name of interviewee was withheld by mutual agreement).

⁴⁵³ Mark, Canada, Parliament, *Debates of the House of Commons of Canada (Hansard) [electronic resource]*, No. 241, 36th Parliament, 1st Session, June 9, 1999.

elaborated on these allegations in his argument against the bill, asserting the Bill, created by the publishers, was based on ulterior motives:

The protection of what appears to be two major publishers in this country is what this whole bill seems to be about. The two that have come to the attention of this House are Maclean Hunter and Télémédia Incorporated, two very large companies that really have no problem standing on their own or competing with others. I think they would agree this has nothing to do with their not being able to compete.⁴⁵⁴

This scepticism adds substance to allegations of the DOCH's preferential communications with the publishers throughout the development of Bill C-55 while other parties were excluded from the dialogue, leading one to question transparency of the government. However, Copps denied any impropriety regarding the major publishers' involvement in the Bill, noting that although Rogers and Telemedia supported the legislation, it was also "unanimously supported by everybody who works in the Canadian magazine industry."⁴⁵⁵

However, the relationship between the DOCH and the publishers was also an issue in the Senate, where questions regarding the long-term effects of Bill C-55 revealed a favourable outcome for major Canadian periodical publishers. When questioned by Senator Kinsella about the legislative process of the development of Bill C-55, Browne, Director of the Centre for Trade Policy and Law, observed the DOCH consulted "very closely with magazine publishers in formulating the bill." He further commented that the "primary objective" of the Bill was "maintaining the advertising revenues exclusively for Canadians and keeping split-runs out of the magazine market."⁴⁵⁶ This perspective was reiterated by the advertisers in their appearance before the Senate Committee. Sosnow highlighted Rogers and Telemedia had a 50% market share of periodical advertising in Canada and were the most exposed to the potential impact of unfettered split-run access to the Canadian market.⁴⁵⁷

⁴⁵⁴ Hilstrom, Canada, Parliament, *Debates of the House of Commons of Canada (Hansard) [electronic resource]*, No. 178, 36th Parliament, 1st Session, February 10, 1999.

⁴⁵⁵ Copps, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 17 1998.

⁴⁵⁶ Brown, Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications [electronic resource]*, 36th Parliament, 1st Session, no. 24, April 22, 1999.

⁴⁵⁷ Sosnow, Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications [electronic resource]*, 36th Parliament, 1st Session, no. 28, May 6, 1999, (Ottawa : Parliament of Canada, 1999), http://www.parl.gc.ca/36/1/parlbus/commbus/senate/Com-e/tran-e/28cv-e.htm?Language=E&Parl=36&Ses=1&comm_id=19 (accessed May 3, 2007).

At this point, Senators expressed scepticism in the Bill. For example, Senator Kinsella considered the contrasting consultation process between the publishers and the advertisers in developing the proposed Bill. The Senator began to openly question the motives of the DOCH by focussing on the HYPN study presented as part of the consideration for Bill C-55. According to the study, (1998: 29) the net effect of foreign access to the market on Canadian magazines would be a decline in advertising revenues for the more generalised sectors facing direct competition from the influx in split-runs, such as general interests and women's magazines.⁴⁵⁸ Rogers (including Maclean Hunter Publishing) and Télémédia had the largest shares in both these markets with women's magazines representing top sellers for both companies. Thus, any government proposals to protect the industry against split-run magazine access to the Canadian advertising market would ultimately benefit the two largest publishers in Canada. The HYPN study also revealed the strong position of specialty magazines in such circumstances, in that total periodical advertising in Canada would be expected to increase due to a larger number of titles and more specific audience targeting through specialty magazines. Existing specialty magazines would be expected to prevail as they offered unique editorial content that was in demand and would not face increased competition – if anything, such publications could fare better if they had access to an increased advertising market.⁴⁵⁹ However, specialty publications would be negatively affected if they were a subsidiary of a larger publisher impacted by the inclusion of split-runs in the Canadian market. The smaller, more specialist magazines would most likely survive due to the targeted audience they offered advertisers. *Maclean's*, *Canadian Living*, *Chatelaine*, *Flare* and so on, however, would face severe competition from the mainstream American news and women's magazines that would impose on their advertising revenue. Further, if magazines did not offer the advertiser a relevant audience, advertisers could move to other forms of media, namely television, which again, is primarily owned by Rogers and Télémédia. This line of argument led Senator Tkachuk to conclude that Bill C-55 "may not be about saving the magazine industry, but rather about ensuring that the money is flowing to one big pot, which is the Maclean Hunter pot."⁴⁶⁰

⁴⁵⁸ Harrison, Young, Pesonen and Newell Inc., "Predicting Canadian Advertising Reaction to Foreign Magazine Incursion (Final draft)", 1998, (study for Department of Canadian Heritage; obtained by author from Canadian Heritage through AIR; see Appendix B, Ref 26), 29.

⁴⁵⁹ Harrison, Young, Pesonen and Newell Inc., "Predicting Canadian Advertising Reaction to Foreign Magazine Incursion (Final draft)", 1998, (study for Department of Canadian Heritage; obtained by author from Canadian Heritage through AIR; see Appendix B, Ref 26), 29.

⁴⁶⁰ Tkachuk, Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications [electronic resource]*, 36th Parliament, 1st Session, no. 28, May 6, 1999.

However, before these concerns could be addressed, Canada and the U.S. reached the bilateral agreement, and Bill C-55 was withdrawn from the Senate. Any allegations of a special relationship disappeared along with the Bill. Yet, it is worth pursuing this line of questioning, enquiring if there was any substance to these allegations.

6.2 Denial of a Special Relationship

A constructive partnership between the federal government and the cultural sector is essential if we are to build on the growth and ensure that the right mix of policies are in place as we move forward towards the next millennium.⁴⁶¹

When allegations of preferential treatment, privileged access or a 'special' relationship surfaced in relation to the development of Bill C-55, the government, the major publishers and their representatives denied any accusations of collusion. The explanation was simply that the consultation process was open and transparent, all stakeholders had been granted the same access, and any allegations regarding an inappropriate relationship could be attributed to dissatisfaction with the policy solution. In interviews with former Minister of Heritage Copps, high-level DOCH officials Stockfish, Richstone and Clarke and publishing representative McCaskill, each either summarily dismissed or vehemently denied preferential treatment or special political access enjoyed by the publishers throughout the development of Bill C-55, the bilateral agreement or the creation and implementation of the CMF.

Responding to questions regarding allegations of collusion specifically with Telemedia and Rogers, former Heritage Minister Copps (2004, Aug. 4) claimed Bill C-55 was aimed at protecting Canadian culture by protecting all magazines rather than benefiting specific publishers. Further, Copps deemed it would be "absurd" to suggest that in protecting "all magazines" certain publishers were protected more than others, or that specific titles benefited from legislation aimed at protecting the industry as a whole.⁴⁶² Therefore, according to Copps, the major publishers did not receive preferential treatment, enjoy special access to government officials or have any more input in shaping the policy outcome than any of the smaller publishers or other stakeholders. Copps also justified the involvement of industry representatives CMPA and CBP as evidence against preferential treatment to Rogers or

⁴⁶¹ Canada, Canadian Heritage, "Round-Table Meeting on Culture"

⁴⁶² Sheila Copps (Minister of Canadian Heritage throughout split run dispute), in telephone discussion with the author, August 4, 2004.

Telemedia.⁴⁶³ Thus, despite the fact that the CMPA and the CBP were, throughout the development and consultation of Bill C-55, chaired by senior executives from Telemedia and Rogers, Copps maintained the interests of the majority of Canadian magazines and publishers were fairly represented by the publishing associations. Further, when asked directly about any history of preferential treatment, Copps effectively transferred the focus of discussion to the validity of the parties making the claims, alleging that the ACA was working on behalf of Time Warner and other American companies and had only been created in response to the split-run dispute.⁴⁶⁴ Both these allegations are without merit, drawing one to question the attempt by Copps to divert attention away from the allegations.

Copps was not alone in deflecting questions of a suspect relationship between the government and the publishers in the development of Bill C-55. High-level DOCH officials Bruce Stockfish and Allan Clarke also responded to allegations of preferential treatment and special access for the publishers in the development of Bill C-55 with the following summary:

I think what the advertisers are really saying is that they felt the publishers had a privileged position with the department and to some extent that perception is probably reasonably valid. Clearly we needed to work with the publishing industry very very closely to ensure that we understood the conditions that they were working under to examine a number of different options, so that we could achieve the same goals.⁴⁶⁵

Ultimately, however, Stockfish, Clarke and Richstone did not concede to collusion, pointing to the fact that the publishers were not necessarily happy with the bilateral agreement. They further contended that contrary to advertisers' allegations that they were excluded from the consultation process, the advertisers had, in fact, been involved in the debate since the WTO tribunal. However, they did acknowledge that although the advertisers had consistently requested meetings, they were not actively included in the consultation process the same way the publishers were.⁴⁶⁶

The publishers also denied any collusion in developing legislation benefiting the larger publishers, either with the government or within the industry itself at their

⁴⁶³ Sheila Copps (Minister of Canadian Heritage throughout split run dispute), in telephone discussion with the author, August 4, 2004.

⁴⁶⁴ Sheila Copps (Minister of Canadian Heritage throughout split run dispute), in telephone discussion with the author, August 4, 2004.

⁴⁶⁵ Allan Clarke and Bruce Stockfish (both from the Department of Justice, Canada throughout split run dispute) and Jeff Richstone (Senior Counsel, Legal Services, Canadian Heritage throughout split-run dispute), in telephone discussion with the author, December 7, 2004.

⁴⁶⁶ Allan Clarke and Bruce Stockfish (both from the Department of Justice, Canada throughout split run dispute) and Jeff Richstone (Senior Counsel, Legal Services, Canadian Heritage throughout split-run dispute), in telephone discussion with the author, December 7, 2004.

appearance before the Standing Committee on Canadian Heritage. Atkins, Chair of Legislative Affairs for CBP, dismissed allegations that Bill C-55 was the result of a lobby effort by Télémédia or Rogers, declaring “That’s just nonsense, and should be treated as such.”⁴⁶⁷ Many publishers contended that smaller publishers were collaborating in the hope of presenting one unified, influential voice for the industry.⁴⁶⁸ Further, Telemedia CEO Beaubien argued that the individual publishers did not have a privileged relationship with the government, but rather the publishing industry, through the representations of the CMPA and the CBP, initiated discussion and provided information and analysis to the government.⁴⁶⁹ McCaskill, the publishers’ primary consultant, also discounted any assertions of preferential treatment or special access to the government by the publishers in the development of the proposed legislation. Rather, McCaskill claimed that it only appeared the publishers had more access than others did, alleging other parties were too disorganised to take advantage of opportunities to become as involved in the process as a result. Further, in responding to the allegations that the larger publishers such as Rogers and Telemedia had special access to government officials and ultimately to policy development, McCaskill replied: “They didn’t have any access to Canadian government officials or politicians that any other player didn’t also have. So once again, there was really never any substantiation of the claims that there was some special access - it was really a red herring.”⁴⁷⁰

Each of these denials is in stark contrast to the advertisers’ complaints that meeting requests with the DOCH were denied, and did not address the concerns of the parliamentarians and senators. Even if the imbalance of access was arbitrary, in accepting and considering the information submitted by the publishers but not asking for comparable analysis from other stakeholders, the government inadvertently excluded dissenting perspectives from the development of legislative solutions. To fully understand the validity of allegations and denials of a preferential relationship between the DOCH and the publishers, one must examine the nature of

⁴⁶⁷ Atkins, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 19, 1998.

⁴⁶⁸ See, for example, Thompson and Lonziński, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 19, 1998.

⁴⁶⁹ Beaubien, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 26, 1998.

⁴⁷⁰ Anne McCaskill, (Private consultant to the CMPA and CBP throughout split run dispute), in telephone discussion with the author, August 25, 2004.

the access experienced by the publishers in the development of Bill C-55 and the CMF.

6.3 Investigating the Allegations

Although the former Minister of Canadian Heritage, senior DOCH officials and the publishers have consistently discounted a special relationship, one must question if a subjective historical account produces any evidence supporting the allegations. To determine if the publishers had special access to the government not experienced by other stakeholders throughout the development of Bill C-55 and the CMF one must examine the extent of involvement by the publishers in the development of policy solutions and subsidy programs.

Prior to outlining the history of meetings and correspondence from the DOCH with the publishers, it is important to note that access to information requests for evidence relating to correspondence or meetings between the advertisers and the Canadian government did not indicate a consultation or two-way exchange of information had occurred. Instead, information requests only returned copies of the meeting requests made to the government by the advertisers, and copies of documentation submitted by the advertisers in their appearance before the Standing Committee on Canadian Heritage. The AIRs did not return any indication the government sought contributions from the advertisers, nor did they reveal any meetings between the government and the advertisers with the exception of the meeting with Stockfish and Clarke and the appearance before the Standing Committee that have already been discussed and are documented in the public domain. A similar access to information request for evidence of meetings or correspondence with the publishers returned over 500 pages of correspondence referring to meetings as well as copies of submissions made by the publishers and requests for information from the government to the publishers.

Beginning in 1997, there is evidence that officials from the DOCH, DFAIT and the Department of Justice met with the publishers throughout the development of legislative options that were considered in response to the WTO ruling. Specifically, it was noted in an internal DOCH memo "Input from the industry is required to finalise the list of possible alternative options."⁴⁷¹ In summer 1997, prior to the WTO ruling, an internal DOCH memo to Copps highlights the involvement of the

⁴⁷¹ Victor Rabinovitch memorandum to Suzanne Hurtubise, "Re: Magazine Policy: Briefing of the Minister", July 29, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 44).

publishers in the initial stages of the dispute, drawing attention to the numerous, regular meetings held with representatives of the publishing industry. Included in this memo is a list of stakeholders to be contacted personally by the Minister upon the announcement of the WTO tribunal's 1997 ruling. Out of a list of 7 industry contacts to receive news of the outcome directly from the Minister of Heritage, the majority were from the larger publishers, specifically Rogers/Maclean Hunter Publishing and Telemedia. The contacts included the Executive Vice President and CBP representative Terry Malden and Chairman Warrillow; Mr. Beaubien, President of Telemedia and Chair of the CMPA; Keachie, Executive Director of the CMPA; and Atkins, President of Laurentian Publishing and Chair of the CBP.⁴⁷²

Following the public announcement of the tribunal's decision, the Government began meeting with the publishers. These meetings would become frequent throughout the course of the next few years with industry representatives to "enlist their support in working together on a strategy to develop new means for supporting the magazine industry."⁴⁷³ The DOCH engaged in consultations with the publishers throughout summer 1997 in which the magazine industry representatives were encouraged to present "proposals and a strategy for alternative measures".⁴⁷⁴ Throughout these discussions, the DOCH and the publishers considered issues such as a tax credit for publishers to recognise the costs associated with developing original material for the Canadian market, direct subsidies to compensate for predicted loss of advertising revenue resulting from foreign competition, and fixed postal rates and adjustments to the Income Tax Act.⁴⁷⁵

Malden and Tory of Rogers Publishing met with the Deputy Minister of the DOCH in October 1997 to discuss a content option. Industry representatives met with the government again a week later to discuss a tax credit study.⁴⁷⁶ At this point Rogers supplied documentation to the Deputy Minister, as an internal DOCH memo noted the Deputy Minister was "provided with additional financial information from the

⁴⁷² Suzanne Hurtubise, memorandum to Sheila Copps, "Re: Magazine Policy: Update", n.d. (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 29).

⁴⁷³ Susan Mongrain e-mail message to Allan Clarke, "Re: Magazine Industry Meeting", July 31, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 40).

⁴⁷⁴ Victor Rabinovitch memorandum to Suzanne Hurtubise, "Re: Magazine Policy: Briefing of the Minister", July 29, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 44).

⁴⁷⁵ Victor Rabinovitch memorandum to Suzanne Hurtubise, "Re: Magazine Policy: Briefing of the Minister", July 29, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 44).

⁴⁷⁶ Allan Clarke e-mail message to Don Stephenson, "Re: Magazine Meeting with the DM", October 17, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 21).

industry to correct his calculations."⁴⁷⁷ This indicated the publishers' influence on critical information as the additional information provided by Malden resulted in a new draft of the study. Further, this comment draws one's attention to the fact that Rogers was providing information to the DOCH that was not audited or reviewed which contributed to the basis of preliminary legislative options.

As the new legislation was developed, close ties between the government and the publishers become apparent with indications that the publishers had more influence to steer the direction of policy development more than initially anticipated. As exemplified by the publishers' involvement in correcting and copy editing government reports such as Ernst and Young's "Investment Tax Credits for Canadian Periodicals" prepared for the Canadian Government. Both Terry Malden and the CMPA provided a list of corrections to the study, alluding to the publishers' preview of the report prior to it being released into the public realm and pointing to their involvement in the spin of the state of the publishing industry in Canada.⁴⁷⁸ In a letter dated October 28, 1997, Malden provided information to Allan Clarke that would steer the direction of the report if incorporated, referencing a meeting on October 22 in which Malden provided preliminary comments on the document. In the letter, Malden presented "statements about the situation facing Canadian magazine publishers that we would like to see made more forcefully in the body of the paper as well as in the Executive Summary and Conclusions sections."⁴⁷⁹ Further, Malden used this opportunity to voice fatalistic assumptions on the impact of American competition for Canadian advertising revenue, indicating loss of advertising revenue to foreign competition could result in the demise of some Canadian publications. In his letter, Malden also suggested the report focus on the fact that smaller publications may actually be able to withstand American competition for advertising more effectively than the larger periodicals such as *Maclean's* or *Chatelaine*, which Malden represented, advocating protection of the larger publishers:

Different magazines are likely to be impacted differently. Among the most seriously impacted are likely to be large national consumer magazines because their advertising revenues are large enough to attract foreign competition and

⁴⁷⁷ Don Stephenson e-mail message to Helene Frechette, "Update on Magazines: Week October 20-24", October 24, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 49).

⁴⁷⁸ Elspeth Williams letter to Jan Michaels, "Re: Canadian Magazine Publishers Association", November 18, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 57).

⁴⁷⁹ Terry Malden letter to Allan Clarke, October 28, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 34).

because the foreign counterparts to these magazines usually already have significant circulations in Canada. With profit margins of 10%-15% of advertising revenues, even the most successful consumer magazines would not be able to remain profitable in the face of lost advertising pages and lower advertising rates. I make this point to ensure that there is no impression that the large, commercially successful (and most viable) Canadian consumer magazines are better able to withstand foreign competition for advertising revenues than small, less commercial magazines.⁴⁸⁰

The CMPA's legal representatives formalised these recommendations, supplying written editorial changes including additions and deletions the publishers wanted to see implemented into the existing report.⁴⁸¹ The publishers referred to a report by Informetrica to support the claim modifying legislation to allow foreign access to Canadian advertising revenue would negatively impact the Canadian periodical industry. The Informetrica report concluded that the largest publishers would be most adversely affected by changes to Canadian periodical legislation. This memo substantiates the ACA's allegation that the publishers had special access to information such as Consultant's reports which the ACA did not have access to and therefore could not comment on. It also links the government to meetings and consultations with the publishers, indicating involvement at a preliminary stage in the development of legislative solutions.

From the onset, publishers were in discussions with the DOCH regarding policy, ownership, content requirements, subsidies and windfall payments. Consequently, they were able to influence if subsidies should be based on advertising revenues or pre-production costs. Notably, they were involved in meetings with the government that excluded other stakeholders.⁴⁸² As a result, information requests by the government that challenged the industry's stance were quashed by the publishers without a defending voice. For example, a brief to the DOCH by Ron Fonberg suggesting a tax credit model to restore anticipated industry losses with the exception of the top 12 publishers did not appear to be considered. Instead, the

⁴⁸⁰ Terry Malden letter to Allan Clarke, October 28, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 34).

⁴⁸¹ Elspeth Williams letter to Jan Michaels, "Re: Canadian Magazine Publishers Association", November 18, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 57).

⁴⁸² Evidenced by Tax Credit and Contribution Subgroup, "Tax Credit and Contribution Subgroup Meeting - Minutes of Meeting", November 11, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 50).

publishers focussed the meetings on “making a subsidy palatable to large publishing companies and attaching it to Canadian content.”⁴⁸³

By November 1997, DOCH representatives Stephenson and Clarke had met with publishing representatives McCaskill and Freshette on several occasions.⁴⁸⁴ Throughout November 1997 officials from the Canadian government met with representatives of the publishing industry and national publishing associations CMPA and CBP, working with the industry to “help find possible alternatives.”⁴⁸⁵ At these meetings they discussed the issues regarding the potential introduction of tax credits or other subsidies, highlighting the close relationship between the government and the publishing industry in the early stages of policy development while other interested parties, such as the advertisers, were excluded from the process. At this relatively early analytical stage of considering legislative options, select publishers were consistently being consulted, influencing policy direction through frequent meetings of select players, submitting reports and stressing preferred options without representation of any opposing views or dissenting positions.⁴⁸⁶ In November 1997, an internal departmental memo referred to a meeting between the publishers and the government held the month before in which the publishers had indicated they were “very interested in finding a response to the WTO decision that would continue to restrict access to Canadian advertising revenues for magazines.”⁴⁸⁷ Throughout November the DOCH and the publishers met frequently to discuss strategy, tax credits and subsidy options to develop proposals for presentation in December.⁴⁸⁸ By the end of the month, the DOCH was sharing draft proposals with the publishers for “comments and amendments.”⁴⁸⁹

⁴⁸³ Tax Credit and Contribution Subgroup, “Tax Credit and Contribution Subgroup Meeting - Minutes of Meeting”, November 11, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 50).

⁴⁸⁴ Don Stephenson e-mail message to Helene Frechette, “Update on Magazines: Week October 20-24”, October 24, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 49).

⁴⁸⁵ Francois de Gaspe Beaubien letter to Sheila Copps, November 20, 1997 (unpublished data, obtained by author through access to information; See Appendix B, Ref 1).

⁴⁸⁶ Allan Clarke e-mail message to Don Stephenson, “Re: Update on Magazines: November 24-28”, November 28, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 23).

⁴⁸⁷ Michael Wernick, memorandum to Suzanne Hurtubise, “Re: Meeting with Magazine Industry”, November 30, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 55).

⁴⁸⁸ Allan Clarke e-mail message to Don Stephenson, “Re: Update on Magazines: Week of November 10-14”, November 14, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 22).

⁴⁸⁹ Jan Michaels e-mail message to Allan Clarke, “Re: Due Friday: Stuff for DM's Weekly Note”, November 27, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 38).

Further, the publishers were advocating tax credits and subsidies but were resisting a direct contribution program.⁴⁹⁰

Additional meetings in December 1997 were arranged between the government and the publishers to discuss options and industry proposals, and later to “refine positions and strategies.”⁴⁹¹ In early December the publishers presented a ‘Track 1 proposal’ focussing on restricting advertising aimed at Canadians in non-Canadian content magazines.⁴⁹² This proposal would form the basis of what was to become Bill C-55. Throughout December a number of meetings were held between the DOCH and publishers, including meetings between the DOCH, the Privy Council Office and Finance with McCaskill and meetings between select publishers and the DOCH and Industry Canada regarding subsidies.⁴⁹³

Indication of the informal nature of the relationship between the publishers and the DOCH was revealed in an email from Suzanne Hurtubise to Don Stephenson on December 12, 1997 regarding Beaubien, president of the CMPA and Telemedia Publishing. The email alludes to collusion regarding a legislative option relating to content by noting Beaubien “was not at all troubled by the fact that Don [Stephenson] had begun to discuss the content option with the town” and that if in Ottawa, Beaubien would “try to drop in for coffee.”⁴⁹⁴ This exchange indicates an ease of access to government officials seemingly not experienced by other stakeholders in the split-run dispute.

The close relationship between the government and the publishers continued into 1998. The CMPA/CBP working group contacted senior officials Suzanne Hurtubise and Don Stephenson in January 1998 to discuss their “serious concerns” with options being considered by the DOCH for presentation to Minister Coppins. At this stage, the CMPA/CBP again stressed their preferred options and proposed course of action, encouraging the swift introduction of content-based regulation:

⁴⁹⁰ Allan Clarke e-mail message to Don Stephenson, “Re: Update on Magazines: November 24-28”, November 28, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 23).

⁴⁹¹ Allan Clarke e-mail message to Don Stephenson, “Re: Update on Magazines: November 24-28”, November 28, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 23).

⁴⁹² Allan Clarke e-mail message to Don Stephenson, Jerome Moisan, Janette Mark, Jan Michaels, Bruce Stockfish, “Re: Update on Magazines: December 1-5”, December 5, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 24).

⁴⁹³ Allan Clarke e-mail message to Don Stephenson, “Re: Update on Magazines: December 8-12”, December 11, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 25).

The CMPA/CBP Working Group supports the “Content Option” because our best opportunity to sustain a structural measure in the magazine sector is to base it on the objective of ensuring the availability of a reasonable level of Canadian content in periodicals aimed at the Canadian readership. A strong case can be made that split-run advertising editions of foreign magazines threaten the future availability of such content.⁴⁹⁵

Further, the CMPA/CBP urged the government to act quickly on implementing their proposed content option, playing on the widely held belief that split-runs, if granted access to the market, would not include any material written by or for Canadians. This perspective was later echoed by Copps, who voiced support for restricting foreign access to the Canadian advertising market in her appearance before the Standing Committee on Canadian Heritage on the basis that foreign publications did not invest in Canadian forms expression.⁴⁹⁶ Alternatives to this perspective do not appear to have been presented to the government until foreign publishers and the ACA appeared before the Standing Committee later that year.

Consultations between the government and the publishers continued with regularity throughout the year. In a confidential letter to Copps in February 1998, members of the CMPA and the CBP (1998, Feb. 4) referred to a meeting earlier in the month between the publishers and the Minister in which policy options were discussed. The letter includes the proposed course of action as presented by the publishing industry based on the options determined at a meeting held at the end of January 1998.⁴⁹⁷ In a further step of boldness, the CMPA and CBP Working Group issued a joint letter (1998, Jan. 29) to members of Canadian Heritage informing the government of the “administrative details of a content-based measure.”⁴⁹⁸ Additionally this letter outlined a summary of the details of the proposed measure, including a de minimis provision and the option for a number of non-complying issues per year. These recommendations were made despite the publishers’ public assertions that the industry was focussed on producing Canadian material for Canadian readers. The recommendations not only stated which periodicals should

⁴⁹⁴ Suzanne Hurtubise, memorandum to Don Stephenson, Michael Wernick, “Re:”, December 12, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR See Appendix B, Ref 28).

⁴⁹⁵ Canadian Magazine Publishers Association, Canadian Business Press memorandum to Suzanne Hurtubise and Don Stephenson, “Re: WTO Response Options”, January 21, 1998 (unpublished data, obtained by author through access to information request; See Appendix B, Ref 13).

⁴⁹⁶ Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 17 1998.

⁴⁹⁷ Canadian Magazine Publishers Association, Canadian Business Press letter to Sheila Copps, February 4, 1998 (unpublished data, obtained by author through access to information request; See Appendix B, Ref 15).

have to comply with a Canadian-content provision, but also included a clause allowing complying periodicals the option of producing issues without majority Canadian content at least once a year. According to the proposals, a publication that produced a minimum of 12 issues a year would only have to produce 10 issues that complied with Canadian content requirements, and could, in theory produce two issues a year that did not have any Canadian content at all. A weekly publication such as *Maclean's* could, therefore, have up to eight issues annually that did not comply with Canadian content requirements. Further, the publishers suggested reducing the qualifying percentage for Canadian content from 80% to 60% of editorial content and tried to introduce non-editorial portions of magazines, such as recipes, which would not have to contain Canadian editorial content.⁴⁹⁹

In February 1998, Beaubien was involved in a two-day retreat with DOCH officials.⁵⁰⁰ There is no evidence other stakeholders, such as the advertisers, were invited, and there are no records indicating the nature of discussions at this retreat. The self-motivated concern of the publishers regarding the development of new cultural policy and the close relationships of the major publishers and the government became increasingly more apparent as the year progressed. In February 1998 Malden was in contact with Clarke regarding the impact of different excise tax levels on split-run magazines, with Malden offering to provide analysis to the government on the predicted impact of various tax rates on split-run publications.⁵⁰¹ Again, any figures provided by Rogers Media were not open to interpretation or critique by stakeholders excluded from the discussions.

In another move by the publishers, a joint letter to Copps from the CMPA and the CBP in February 1998 referred to the importance of the Canadian response to the WTO decision and the continued restriction of American access to the Canadian market, noting;

The implications of the government failing to take effective action must also be considered. If there were a failure to act effectively, there would be criticism that the government had

⁴⁹⁸ Canadian Magazine Publishers Association, Canadian Business Press memorandum to Allan Clarke and Jan Michaels, January 29, 1998 (unpublished data, obtained by author through access to information request; See Appendix B, Ref 14).

⁴⁹⁹ Jan Michaels e-mail message to Allan Clarke, "Re: Update on Magazines: January 13-23", January 21, 1998 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 39).

⁵⁰⁰ Tax Credit and Contribution Subgroup, "Tax Credit and Contribution Subgroup Meeting - Minutes of Meeting", November 26, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref. 51).

⁵⁰¹ Terry Malden letter to Allan Clarke, February 11, 1998 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 35).

caved-in to U.S. demands. And a failure to defend Canadian magazines would be the first step down a slippery slope. If the U.S. prevails in this case, its campaign to eliminate Canadian policies and programs in other cultural sectors will be strengthened, which is of great concern in those sectors.⁵⁰²

This same argument was raised again in a presentation delivered to the government by the CMPA and the CBP.⁵⁰³

Discussions between the government and the publishers continued into the spring. Suzanne Hurtubise, Deputy Minister for Canadian Heritage, met with Canadian magazine representatives in March 1998 to discuss the progress and reactions within the government to proposed options regarding industry legislation. Hurtubise not only briefed the publishers on the political reaction to the publishers' preferred options, but also requested that the publishers provide more information on the proposed legislative options to substantiate their position.⁵⁰⁴ Further, during bilateral negotiations between Canada and the United States in April 1998 there is evidence the publishers were involved in discussions with both the DOCH and DFAIT regarding the industry's preferred legislative options. At this stage, the publishers openly opposed a subsidy program, as outlined by Beaubien in a letter dated April 6, 1998 and predicted the demise of the industry should split-run periodicals be granted any access to the Canadian advertising market. Beaubien argued the publishers continued to support the content based 'Option 3' legislative proposal rather than the alternative preferred recommendation, 'Option 5' of taxes and subsidies. However, Beaubien explained, they did so with the proposed de minimus provisions and allowance for non-complying issues revealed earlier in the year.⁵⁰⁵

At this point, it is worth raising an internal DOCH memo which states the department was "reviewing the feasibility of the more "aggressive" measures proposed" by the

⁵⁰² Canadian Magazine Publishers Association, Canadian Business Press letter to Sheila Copps, February 4, 1998 (unpublished data, obtained by author through access to information request; See Appendix B; Ref 15).

⁵⁰³ Canadian Magazine Publishers Association, Canadian Business Press, "The Canadian Magazine Sector: Responding to the U.S. Challenge - Presentation by the Canadian Magazine Publishers Association and the Canadian Business Press," 1998, (unpublished data, obtained by author through access to information request; See Appendix B, Ref 11).

⁵⁰⁴ Michael Wernick, memorandum to Suzanne Hurtubise, "Re: Meeting with Representatives From the Canadian Magazine Industry on March 12, 1998", n.d. (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 56).

⁵⁰⁵ Francois de Gaspé Beaubien letter to Suzanne Hurtubise, April 6, 1998 (unpublished data, obtained by author from Canadian Heritage through AIR; Appendix B, Ref 2).

“CMPA/CBP letter”.⁵⁰⁶ In addition to outlining departmental work in relation to this letter, the memo stated “The Departments of Foreign Affairs and Finance do not support examining such an approach given the high legal risks of a future trade challenge.”⁵⁰⁷ However, in April 1998 Beaubien met with Hurtubise and requested another meeting within a week to discuss an ‘advocacy effort’ he was coordinating with the Deputy Minister prior to meeting with Copps later in the month. Specifically, Beaubien noted the publishers “continue to be concerned about the prospect of seeking meetings with other Ministers to pursue the advocacy effort you have asked us to undertake before we have had a chance to see Minister Copps and Marchi.”⁵⁰⁸ From this statement, it appears the ‘advocacy effort’, was suggested by the Deputy Minister with the intention of gaining support from other ministers prior to presenting the options to Copps and Marchi. This collusion between a Deputy Minister and a member of the private sector regarding a lobbying effort aimed at members of parliament indicates a closely coordinated effort between the DOCH and the publishers to influence policy options.

Despite denials of a special relationship by the publishers, their representatives and government representatives, there is also evidence that the publishers were aware of the specifics of the closed-door negotiations and knew details of the American proposals. In a letter dated 12 April 1999 from the Canadian Magazine Publishers Association and Canadian Business Press, Beaubien, Malden and Aitkins outlined the stance of the Americans, but also detailed some of the proposals discussed at these bilateral negotiations. The publishers cited specifics relating to content requirements, investment and circulation thresholds, and proposed hiring of Canadians, indicating a leak from within the negotiating team that allowed the publishers to reiterate their stance to the government. Further, based on the information the publishers had of the negotiations, the publishers were able to offer the opinion “The U.S. position and its proposed approach to further negotiations reveal total disregard for Canadian policy and should be firmly rejected.”⁵⁰⁹ However, earlier that year the Canadian government had unequivocally stated in a

⁵⁰⁶ Victor Rabinovitch memorandum to Suzanne Hurtubise, “Re: Update on Magazine Policy: Briefing of the Minister”, n.d. (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 45).

⁵⁰⁷ Victor Rabinovitch memorandum to Suzanne Hurtubise, “Re: Update on Magazine Policy: Briefing of the Minister”, n.d. (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 45).

⁵⁰⁸ Francois de Gaspe Beaubien letter to Suzanne Hurtubise, April 14, 1998 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 3).

⁵⁰⁹ Canadian Magazine Publishers Association, Canadian Business Press letter to Sheila Copps, April 12, 1999 (unpublished data, obtained by author through access to information request; See Appendix B, Ref 17).

question period that the confidential meetings with the U.S. were limited to officials from the U.S. government, DFAIT and Canadian Heritage.⁵¹⁰ Further affirmations of the confidential nature of the bilateral negotiations make the publishers' knowledge of the details even more questionable. In a March 1999 internal memo relating to press lines, it was acknowledged that the government could confirm at that point that the Deputy Ministers were involved in the meetings, "because it's out there now", indicating both the secrecy of the meetings and the reluctance to provide even cursory information regarding the discussions.⁵¹¹

In March 1999, Malden contacted Hurtubise to reiterate the publishers' support of Bill C-55 and to stress the publishers' preferred options, thanking the Deputy Minister for the involvement of industry stakeholders in developing solutions to the split-run dispute.⁵¹² In May 1999 Malden met with Minister Copps to advise on potential options being discussed in the bilateral negotiations and to submit further documentation for the consideration of the DOCH on the impact of the 'package of measures' being considered in the negotiations with the Americans.⁵¹³ Maclean Hunter/Rogers publishing also provided information to the government on their position as it related to de minimis requirements being considered by the government, as well as vocalising their position on potential changes to Section 19 of the Income Tax Act and their lack of support for subsidies.⁵¹⁴

After the bilateral agreement was announced, the CMPA became increasingly proactive in its recommendations regarding subsidy programs to the government, proposing not only specific amounts for industry funding, but also recommending that the CMPA be granted funding to monitor the industry and the degree of Canadian content and Canadian ownership within the industry.

Within two weeks of the public announcement of a bilateral agreement on split-runs, Beaubien sent a letter to Copps dated 9 June, 1999. In addition to presenting the rationale and framework the industry wanted as the foundation for support

⁵¹⁰ Canadian Heritage, "Questions and Answers: Canada – United States Meeting on Bill C-55 Issues (DRAFT)", January 29, 1999, (draft response to industry questions, unpublished data obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 8).

⁵¹¹ Carol MacIvor e-mail message to David McLellan, Jan Michaels, "Press Lines", March 10, 1999 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 33).

⁵¹² Canadian Magazine Publishers Association, Canadian Business Press letter to Suzanne Hurtubise, March 11, 1999 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 16).

⁵¹³ Terry Malden letter to Sheila Copps, May 12, 1999 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 36).

measures, the letter also requested a meeting with the Minister to further discuss the development of a subsidy program for the publishing industry. In his letter, Beaubien advocated a “proactive approach that will provide early and on-going support for the creation of Canadian content” and advised the DOCH the federal government should be committed to providing \$150 million to “programs tied directly to the creation of meaningful Canadian content” before the industry experienced fall out from the bilateral agreement.⁵¹⁵ Continuing the advocacy effort in September 1999, Thomson, newly appointed president of the CMPA, was in personal correspondence to Himelfarb, the new Deputy Minister of Canadian Heritage regarding the subsidy program. In correspondence dated 22 Sept, 1999, Thomson referred to an earlier meeting and praised the “personal efforts and initiative in seeking a timely and adequate response to the cultural impact” of the bilateral agreement.⁵¹⁶ A day earlier, a Joint Task Force “designed to work with Heritage Canada” comprised of the CMPA and the CBP presented a “Framework for the Future” to Himelfarb and Wernick of Canadian Heritage.⁵¹⁷ Meanwhile, Beaubien continued to communicate with Canadian Heritage, writing to the Deputy Minister regarding new assistance programs for the periodical industry in which he stressed the importance of Telemedia qualifying for any proposed subsidy. At this point Beaubien also described Télémédia business strategy and recommendations regarding an assistance program and recommended a funding initiative for the CMPA to promote Canadian periodicals.⁵¹⁸

Indicating a close working relationship following the September correspondence, meetings and presentations, the CMPA and CBP started a joint letter to Himelfarb dated October 15, 1999 outlining recommendations for magazine investment programs by referencing “understandings reached with you and Michael Wernick”. The letter further notes “We have also concluded that some aspects of the program design under consideration by the department are problematic and that additional

⁵¹⁴ Terry Malden letter to Sheila Copps, May 13, 1999 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 37).

⁵¹⁵ Francois de Gaspé Beaubien letter to Sheila Copps, June 9, 1999 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 5).

⁵¹⁶ John Thomson letter to Alex Himelfarb, September 22, 1999 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 52).

⁵¹⁷ Canadian Magazine Publishers Association, Canadian Business Press, “Canadian Cultural Policy and the Canadian Magazine Industry: A Framework for the Future (A Presentation to Alex Himelfarb and Michael Wernick)”, September 21, 1999 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 18).

⁵¹⁸ Francois de Gaspé Beaubien letter to Alex Himelfarb, September 23, 1999 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 6); and Francois de Gaspé Beaubien letter to Alex Himelfarb, October 15, 1999 [Attachment: “Proposed Assistance Programs for the Canadian Magazine Sector”, Oct 11, 1999] (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 7).

design work is required.”⁵¹⁹ Later in the month, the CMPA/CBP joint working group also recommended a “joint review of the Publications Assistance Program be undertaken by the Department of Canadian Heritage and the Canadian magazine industry.”⁵²⁰ In the letter, the CMPA/CBP further recommended the review should be undertaken by a joint review committee co-chaired by “senior Departmental and industry representatives” with a mandate to review the current Publications Assistance Program and “its emerging significance in the new magazine environment.” Thus, it was suggested that in reviewing the subsidy program, the recommended committee could outline common goals for review and could design and manage any research requirements. This recommendation for the review to be conducted by the publishers would be in lieu of an audit of the information supplied by the publishers by an external, objective body. Further, the CMPA and the CBP suggested that as a first step the committee could “review new information available to the Department, including any new data assembled from the reapplication process and recent departmental work looking into new policy options for the program.”⁵²¹ These recommendations appear to have been warmly received by the government, as a letter from Himelfarb (1999, Nov. 4) to Beaubien indicates, encouraging not only meetings between the publishers and select members of Canadian Heritage, but also requesting continued industry input into the development of the programs.⁵²² The industry complied but in response reiterated warning of the imposing threat posed by split-runs to domestic publications as a motivating factor for the speedy implementation of a subsidy program. In his response Thomson noted it was “abundantly clear that large U.S. publishers are bringing split-run magazines into Canada, selling advertising in the Canadian market and hiring Canadian magazine sales representatives to help them enter Canada.”⁵²³ However, the position of the publishers is surprising given the lack of evidence indicating a substantial introduction of America split-runs to the Canadian market. Further, the notion of American publishers acting quickly to access the Canadian advertising market was increasingly questionable as even McCaskill noted

⁵¹⁹ John Thomson letter to Alex Himelfarb, October 15, 1999 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 53).

⁵²⁰ Canadian Magazine Publishers Association, Canadian Business Press letter to Michael Wernick, October 25, 1999 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 19).

⁵²¹ Canadian Magazine Publishers Association, Canadian Business Press letter to Michael Wernick, October 25, 1999 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 19).

⁵²² Alex Himelfarb letter to Francois de Gaspé Beaubien, “Re: Due Friday: Stuff for DM’s Weekly Note”, November 4, 1999 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 27).

⁵²³ John Thomson letter to Alex Himelfarb, December 6, 1999 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 54).

retrospectively that “the feared invasion of U.S. split-run magazines has not happened”⁵²⁴

Thomson followed up the publishers’ concerns in December 1999 through correspondence to the DOCH, noting the lack of consultation between the industry and the DOCH in the previous two months and raising concern that other parties may be brought into the consultation process in addition to the publishers. In fact, Thomson openly expressed his displeasure at the notion the consultation process may be expanded outside the CMPA/CBP confidence:

...We are alarmed that the Department apparently plans to open broad consultations on program design. This process threatens to further delay progress on program implementation and divert attention, and possibly funding, to a host of other stakeholder issues not related to the immediate survival of the Canadian magazines.⁵²⁵

This statement indicated the publishers’ associations’ desire to retain their exclusive position with the government in the development of the fund. It also indicates the publishers were aware that a different perspective in the development of the fund could undermine their position and challenge the information they had provided to date, raising issues, concerns and perhaps recommending alternatives to the development of the fund.

A final indication of the special relationship between the government and the publishers came following the bilateral agreement as the publishers were in consultation with the government to develop the Canadian Magazine Fund. Documentation received through AIR indicates the government had agreed to pay \$125,000 towards the fees incurred by the publishers in supplying materials to the government for the WTO dispute and the resulting legislative proposals.⁵²⁶ According to this letter representing the magazine industry WTO group, the DOCH had already paid approximately \$112,500. In addition to \$125,000, the publishers requested an additional \$392,400, for a total of \$517,466 for “WTO Expenses Incurred by the CMPA/CBP on Policy Development Research During 1998/99”, but

⁵²⁴ Anne McCaskill, (Private consultant to the CMPA and CBP throughout split run dispute), in telephone discussion with the author, August 25, 2004.

⁵²⁵ John Thomson letter to Alex Himelfarb, December 6, 1999 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 54).

⁵²⁶ Michael Rea letter to Don Stephenson, August 18, 1999 [Includes WTO Expenses Incurred by CMPA/CBP on Policy Development Research During 1998/1999] (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 47).

the WTO decisions regarding split-run magazines had been made in 1997.⁵²⁷ The publishers were requesting the additional funding in relation to a \$220,000 charge for McCaskill's consulting services and a \$235,000 charge for legal fees were costs incurred by the industry in attempting to find an acceptable proposal for the industry. Although the publishers did present the government with materials during the legislative development and consideration of Bill C-55, there is no indication the government formally commissioned that information. Instead, it appears the publishers supplied documentation to the government throughout their lobbying activities in an attempt to influence policy direction for a favourable outcome. According to Lund, although the advertisers' costs far exceeded these figures, the advertisers were not compensated, nor was there any consideration for compensation for the costs incurred to present the other side of the argument of Bill C-55, or to warn of potential weakness in the policy.⁵²⁸ There is no evidence other stakeholders received reimbursement for the information they provided to the DOCH regarding the split-run dispute or the proposed Bill C-55.

A final point of interest regarding the consultation process for the subsidy program came from a geographic rather than an industry division. Although Copps announced the CMF in late December 1999, publishing associations external to the CMPA only began to communicate with the DOCH after this announcement, casting further suspicion on the nature of the relationship between the government and the key publishers. In early 2000 Clarke of the DOCH met with representatives of the Alberta Magazine Publishers Association for the first time in the consultation process, notably after the bilateral agreement and the CMF had been publicly announced. In May 2000 a provincial government office expressed its concern to the DOCH regarding the consultation process, forwarding communications from the Manitoba Periodicals Association.⁵²⁹ The correspondence alleged consultation did not venture outside Ontario and Quebec, where Rogers, Telemedia and the CMPA were based, and where 75% of Canadian periodicals were published.

⁵²⁷ Michael Rea letter to Don Stephenson, August 18, 1999 [Includes WTO Expenses Incurred by CMPA/CBP on Policy Development Research During 1998/1999] (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 47).

⁵²⁸ Ron Lund e-mail message to author, "Re: I have a follow up question for you", February 7, 2005 (unpublished data; See Appendix B, Ref 32).; and Ronald Lund (President of the Association of Canadian Advertisers throughout split run dispute), in discussion with the author, February 27, 2005.

⁵²⁹ Andrea Philips memorandum to Tara Rajan, May 23, 2000 [Attachment: Laird Rankin letter to Andrea Philips, May 19, 2000] (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 42); and Laird Rankin letter to Andrea Philips, May 19, 2000 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 46).

Consequently, the letter “expressed the kinds of issues that would have been raised had a consultation on the Fund been conducted in the Prairies.”⁵³⁰

6.4 Real Ramifications Real Benefits

At this point it is worth examining the other realities surrounding the debate. Specifically, examination of the Canadian periodical industry throughout the split-run dispute and bilateral agreement is necessary to determine if the predicted peril of the industry was a valid concern driving protectionist policy. Industry analysis must therefore be conducted through two lines of questioning. First, it is essential to gain an understanding of the impact of the split-runs on magazine revenue. This requires an analysis of advertising pages in Canadian periodicals and how these numbers translate into dollars before, during and after the split-run dispute. Second, it is important to understand the financial position of the Canadian periodical industry by examining the profit or loss of the major publishers to gain an understanding of the state of the publishing industry. Once a true understanding of the validity of the publishers’ arguments has been established, it is essential to determine how the split-run dispute and the lobbying efforts of the CMPA and the CBP affected the long-term position of the industry watchdogs. Finally, it is worth questioning if there were any political motivations driving the inclusion of the publishers and the exclusion of other parties throughout the negotiations surrounding proposed Bill C-55 and the resulting CMF.

6.4.1 Growth or Peril of the Industry?

“The feared invasion of U.S. split-runs has not happened”⁵³¹

Given the dismal nature of the predicted impact of split-run access to Canadian advertising on the domestic industry by the major publishers, the CMPA and the CBP, one must question if the industry experienced a decline in advertising revenue following the bilateral agreement allowing foreign access to Canadian advertising revenue. An analysis of advertising revenue throughout and following the period of the split-run dispute sourced from the Leading National Advertisers (see Appendix D) is essential as advertising revenue represents the primary revenue stream for the Canadian periodical industry and is the best indicator of the health of the industry.

⁵³⁰ Laird Rankin letter to Andrea Philips, May 19, 2000 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 46).

⁵³¹ Anne McCaskill, (Private consultant to the CMPA and CBP throughout split run dispute), in telephone discussion with the author, August 25, 2004.

Initial analysis indicates that despite the industry's fatal predictions, advertising revenue from the period leading up to and following the WTO ruling, the development of Bill C-55, and bilateral agreement, the top 75 Canadian periodicals experienced steady growth even after foreign competition was introduced in 1999. While advertising pages for the industry as a whole (including both consumer and industry publications) increased at a compound rate of 4.27% in the period from 1998 to 2003, advertising dollars increased further to 5.68% for the period. This indicates that the price war and consequent drastic cuts in advertising contracts to compete with American publishers did not become a reality despite the predictions of major publishers. Instead, these figures indicate that the growth of advertising revenue experienced by publishers outpaced the growth of advertising pages (as opposed to the predicted decline). Further, the sector grew at such a pace the industry highlighted advertising growth in a 2004 newsletter that "Canadian consumer magazine advertising revenues continue to hit new record highs."⁵³² The CMPA further elaborated advertising dollars increased 9.3% on the year, representing the "eighth consecutive year of uninterrupted increases with an average annual growth rate of 8.9% since 1996."⁵³³

From the year prior to the WTO ruling resulting in changes to the legislation and following the inception of foreign competition for Canadian advertising revenue in 1999, the Canadian periodical industry had sustained a substantial rate of growth rather than losing revenue as a result of foreign competition. Some Canadian publications even experienced significant growth in the years following the WTO dispute. The health of the industry was such that the CMPA noted;

On a global scale, Canada continues to be a revenue growth leader, having surpassed much larger, highly sophisticated magazine markets, including the United States, United Kingdom, Japan and Germany, a sure sign that Canadian magazines are a vital medium, competitive with the best on the planet.⁵³⁴

Notably, women's and home magazines, two areas predicted to be threatened by American split-runs, thrived throughout the period. According to data provided by LNA (Appendix D), by 2000, Roger's top women's publication, *Chatelaine*, surpassed the traditional advertiser's favourite *Macleans* to become the Canadian

⁵³² Magazines Canada, "Magazine Revenues Reach New Record High," PAGE 7, no. 2., February 27, 2004, http://magazinescanada.ca/newsletter_preview.php?newsletter_preview.php?cat_id=&page=0 (accessed March 12, 2004 ; issue no longer listed on this site).

⁵³³ Magazines Canada, "Magazine Revenues Reach New Record High," PAGE 7, no. 2, February 27, 2004.

⁵³⁴ Magazines Canada, "Magazine Revenues Reach New Record High," PAGE 7, no. 2, February 27, 2004.

periodical with the most advertising revenue in terms of advertising dollars. Further, *Chatelaine* was able to retain this position at the top for the subsequent years through to 2003; while *Chatelaine's* number of advertising pages experienced compound growth of 4.61%, just above the industry average. Its compound growth in advertising dollars was also above average, at 6.74%. Thus, *Chatelaine* was following the industry trend of actually increasing its earnings per page of advertising, bucking the forecasted trend of decreased revenue per advertising page. *Canadian Living*, Télémedia main women's publication, experienced similar growth, increasing its advertising pages by 4.38% and increasing its advertising dollars by 7.23%, again indicating that it was able to consistently increase its cost of advertising per page throughout the post WTO-ruling era. Added to these standards of Canadian women's magazines, newcomers *Canadian House and Home* far surpassed industry performance during the period, with advertising pages increasing an average of 11.88% per year and advertising revenues increasing an average of 16.08% per year for the seven years in question. Following this trend, *Canadian Gardening* and *Gardening Life* both experienced growth in advertising pages over 8% and 19% respectively, with advertising revenue increasing each year by an average of over 19% and 20% respectively, with similar growth evident in other periodicals targeting leisure time such as *Fleurs Plantes Jardins*, *Toronto Life*, *Decoration Chez Soi*, and *Décor Mag*. Not only do these examples indicate a strong and vibrant Canadian periodical industry, they also show the potential for growth if the publications effectively target their audience with relevant content.

Further, LNA data reveals Canadian fashion magazines also withstood the test of split-run access to the Canadian market despite being previously highlighted as one of the sectors at higher risk from increased competition. Both *Flare* (Canada's home-grown fashion magazine) and *Elle (Quebec)* continued to experience steady although not overwhelming growth for the years following the WTO ruling, at 3.97% and 2.43% respectively. Both titles, however, were again able to increase revenues per advertising page, experiencing growth of 8.61% and 4.93% respectively on advertising revenues.

News magazines, however, did not experience similar growth. Both *Macleans* and rivaling *Time* suffered decreased revenue and decreased advertising pages throughout the period, with *Macleans*' advertising pages decreased by 5.09% and *Time's* pages decreasing by 5.83%. However, *Time* only lost 1.77% on its advertising revenue while *Macleans*' experienced a compound loss of 3.77%

throughout the period, indicating the Canadian title was not as effective at retaining its price per advertising page as *Time* was. However, given that both titles experienced reductions in advertising revenue throughout the same period, one can speculate that this decline is reflective of a greater trend in the periodical sector than increased competition for revenue in light of foreign access to Canadian advertising.

Throughout the dispute, publishers attempted to convince the government that relaxing its legislative stance to allow split-runs into the Canadian market would result in the demise of the Canadian periodical industry. However, American periodicals do not appear to have negatively impacted advertising revenues for Canadian publications following the bilateral agreement. In fact, Canadian periodicals have survived, and some in some cases, flourished. This indicates that any downturn experienced by the industry is not conclusively attributable to split-runs siphoning Canadian advertising revenue.

6.4.2 Profits for the Periodical Sector

Ottawa's latest restrictions on U.S. split-run magazines are simply designed to protect the annual revenues for the Canadian magazine industry. Together, Telemedia and Maclean Hunter Ltd. collect about 49% of total Canadian advertising revenues.⁵³⁵

In light of the figures above relating to advertising revenue, one is led to question the profits of the periodical sector within the context of the predicted impact of foreign competition consequent introduction of the CMF. Further, these figures must be examined within the context of the involvement of the major publishers in the development of the CMF.

Along with the new bilateral agreement granting foreign access to Canadian advertising revenue, Copps announced the intention to develop a direct subsidy program for the Canadian publishing industry to account for lost revenue through split-run competition.⁵³⁶ This subsidy program, Copps claimed, would be aimed at alleviating pressure from foreign competition, and would be developed in collaboration with the industry. The nature of this announcement is essential, in that it not only indicates the financial assistance to be provided to the publishing industry

⁵³⁵ Peter Morton, "Key Element Missing in Bid to End Magazine Dispute," *National Post* (Canada), April 28 1999.

⁵³⁶ Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications [electronic resource]*, 36th Parliament, 1st Session, no. 32, May 31, 1999, (Ottawa : Parliament of Canada, 1999), http://www.parl.gc.ca/36/1/parlbus/commbus/senate/Com-e/tran-e/32cv-e.htm?Language=E&Parl=36&Ses=1&comm_id=19 (accessed May 3, 2007).

to compensate for foreign competition, but also highlights the intricate involvement of the industry in developing the subsidy program. Further, one must remember the extent of the ownership of major Canadian publishers, outlined clearly in a presentation to the DOCH by Philip Boyd (Executive Publisher at Maclean Hunter/Rogers Publishing and President of the CBP) and Associates:

Two companies, Rogers Media Publishing and Southam Magazine Group are the largest publishers in [the business press] category with RM publishing 37 titles and SMG 32.⁵³⁷ Emerging as a significant player is Transcontinental... While Rogers and Southam have only 5.3% and 4.6% respectively of [titles], they enjoy 14.8% and 12.8% respectively of the 250 audited publications, which tend to be the highest profile group with the lion's share of revenues.⁵³⁸

The Impresa study further outlined the market share of the major Canadian periodical publishers, stating Rogers/Maclean Hunter and Télémédia publications accounted for 69% of total magazine circulation.⁵³⁹

At this point, it is essential to examine the financial reporting of the major publishers to understand first if the feared decline in advertising occurred because of foreign competition and second to understand the extent to which they benefited from a subsidy program structured on the number of titles they published.

First, in examining Rogers Communications Inc. annual reports for the period 1999 through 2003, it appears Rogers publishing remained highly profitable despite increased foreign competition.⁵⁴⁰ In 1998 Rogers' achieved publishing revenue of \$272.6 million. Revenue increased to a high of \$302.9 in 2000 before retracting to \$289.9 in 2003. Distribution throughout this period increased, with audience size growing to 12,100,000 in 2002, a gain the company was able to sustain throughout 2003. Rogers highlighted the changes to the magazine market with the proposed introduction of Bill C-55 in their 1999 Annual Report, citing the change as a risk resulting in market uncertainty. Circulation decreased slightly in 2000 for certain titles, but this was presumably not the effect of foreign publishers having a negative

⁵³⁷ Southam was not included in the financial analysis of this dissertation as it is a newspaper publisher.

⁵³⁸ Philip Boyd and Associates Inc., "Business Publishing 101, A Special Presentation Prepared for the Staff of the Department of Canadian Heritage", 2000 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 41).

⁵³⁹ Impresa Communications Ltd., "Vitality and Vulnerability: Small and Medium Sized Magazines (SMMs) A Profile and Gap Analysis", 1999 (Summary report prepared for Department of Canadian Heritage, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 30).

⁵⁴⁰ See Rogers Communications Inc., *1999 Annual Report* (Canada: Rogers Communications Inc., 1999); Rogers Communications Inc., *2000 Annual Report* (Canada: Rogers Communications Inc., 2000); Rogers Communications Inc., *2001 Annual Report* (Canada: Rogers Communications Inc., 2001); Rogers Communications Inc., *2002 Annual Report* (Canada: Rogers Communications Inc.,

impact on revenues and consequently, editorial content, but rather a natural downturn in specific sectors of the market, as overall, Rogers revenues were up on the year. In 2000 Rogers again cited the general uncertainty in the advertising market with no reference to foreign competition, and forecast stability for the year ahead. 2001 proved to be a difficult year, but again, the downturn in the market was due to unforeseen global circumstances and cannot be attributed to competition from foreign publishers for Canadian advertising:

The Publishing group has focussed intently on rationalizing its cost structure in light of a slowdown in the advertising market caused by the generally poor economic conditions in North America, and which further worsened in the latter part of 2001.⁵⁴¹

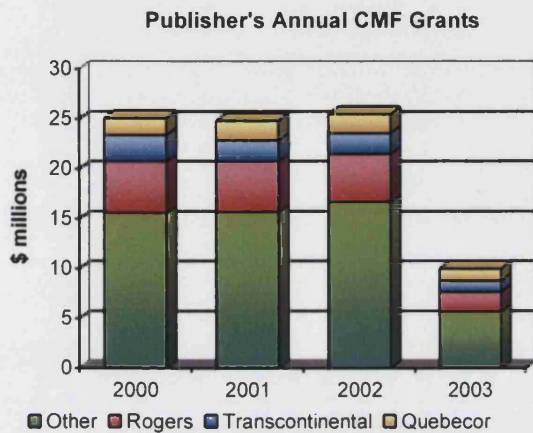
Rogers' results in 2001 were down in part because of the sale of one of their divisions, but the company noted its continued strength in women's and parenting magazines (despite having previously claimed these sectors were at risk from foreign competition to the House and Senate Committees), and financial and healthcare titles. In fact, despite the global downturn in markets, Roger's 'entertainment' type titles *Chatelaine*, *Flare* and *Ontario Out of Doors*, all continued to increase advertising pages and revenue in 2001, indicating further growth potential provided titles appealed to readers despite the global downturn. Rogers publishing revenues decreased by almost 3% in 2002 to \$291.6 million, but this was attributed to the global economic recession and the sale of one of its subsidiaries rather than to any specific factors on a domestic level. Revenues in women's, financial, healthcare and parenting sectors continued to be strong. Both the English and French language versions of *Chatelaine* continued to grow, as did *Flare*, *Today's Parent* and *Ontario Out of Doors*. In fact, only news and market magazines showed continued decreases, indicating that despite global economic trends, there was room for profit in periodicals. Summarising the LNA advertising statistics, Rogers increased advertising revenues in most titles with the notable exception of *Maclean's*, while decreases in the periodical sector were caused by factors exclusive of advertising.

Despite consistently reporting high profits and strong advertising revenues, Rogers was the single largest recipient of the Canadian Magazine Fund. As depicted in the charts below, in 2000, Rogers Media received \$5.6 million from the CMF, or 21% of the total subsidies granted through the program. 2001 saw little difference, with

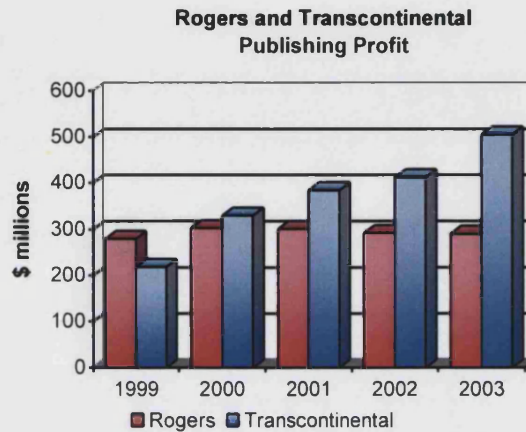
2002); Rogers Communications Inc., *2003 Annual Report* (Canada: Rogers Communications Inc., 2003).

⁵⁴¹ Rogers Communications Inc., *2001 Annual Report*, 34.

Rogers again receiving 21% (\$5.1 million) of all contributions from the CMF. The grants decreased in 2002, and Rogers only received 19% (\$4.8 million) of the total CMF subsidies. Although the program was substantially reduced in 2003, Rogers continued to receive 20% of all contributions from the fund, with subsidies paid to Rogers still totalling \$2 million.



Source: Canadian Heritage, n.d. (a); Canadian Heritage, n.d. (b) Canadian Heritage (2003, Nov. 14); Canadian Heritage, (2004, June 8)



Source: Rogers Communications Inc., Annual Reports 2000 – 2003; Transcontinental Group Ltd. Annual Reports 2000 – 2003.

Transcontinental also consistently reported profits and growth.⁵⁴² By 2003 Transcontinental Group Ltd. was Canada's largest publisher of consumer magazines, having taken ownership of Telemedia. In examining the company's annual reports from 1999 through 2000, one can see the publishing group had strong performances while the global downturn negatively impacting competitors in 2001 was offset by the purchase of Télémedia Publishing and its titles, an international audience and a variety of advertising sources from different sectors.⁵⁴³ These factors, combined with Transcontinental's diverse portfolio of titles, made the company highly resistant to market downturns or to the seemingly overstated effect of foreign competition. Transcontinental's publishing revenues increased from \$60.3 million in 1998 to over \$178.9 million by 2000. With a more diverse portfolio and a mix of local, national and international publications, Transcontinental was not affected by the 2001 global downturn to the same extent as Rogers. In 2001, Transcontinental altered their reporting practices, grouping newspapers and magazines together into a 'media sector', making it more difficult to highlight the effect of the bilateral agreement and foreign competition for Canadian advertising

⁵⁴² See Transcontinental Group Ltd., *2000 Annual Report* (Canada: Transcontinental Group Ltd, 2000); Transcontinental Group Ltd., *2001 Annual Report* (Canada: Transcontinental Group Ltd, 2001); Transcontinental Group Ltd., *2002 Annual Report* (Canada: Transcontinental Group Ltd, 2002); Transcontinental Group Ltd., *2003 Annual Report* (Canada: Transcontinental Group Ltd, 2003).

revenue on their magazine publishing industries. Although this reporting structure makes a direct comparison of annual publishing revenue more difficult, the trends are obvious. Even considering the newly reported 'media sector', revenues reported for 1999 were \$217.8 million, increasing to \$330.4 million and \$384.6 million in 2000 and 2001 respectively. Further, Transcontinental cited a continental drop in advertising spending in 2001 that did not affect its operations, referring to the global economic downturn as the reason for slower growth in 2001 rather than foreign competition for advertising revenue:

The drop in North American advertising spending had little impact on the company's women's magazines, owing to the nature of their clientele, the strength of their brand names and their leadership positions in the market. Economic and trade publications, however, suffered more acutely from the decline, which tempered some of the growth generated by the women's magazines.⁵⁴⁴

Transcontinental's 2001 filing also exemplified that despite global trends, a periodical title could resist industry downturns if it maintained consumer appeal, with women's magazines continuing to grow despite the global recession. Further, the publisher was able to offer its advertisers a host of products reaching a diverse national market in both official languages and was able to bundle services for its advertisers. Transcontinental continued to report profit in 2002 as media revenue increased from \$385 million to \$413 million. This growth was attributed to increased popularity of women's magazines and newspapers despite a continued slowdown in advertising spending aimed at business and trade publications, as was experienced by Rogers. These growth sectors were highlighted by HYPN as the areas expected to continue to survive despite increased pressure from foreign split-runs. Therefore, one must consider if the downturn was because of increased competition in the market as the publishers would have the public believe, from the global economic downturn in 2001 or was simply reflective of a shift in reader preferences. Despite underperformance of select titles, Transcontinental highlighted their success, attributing their continued growth to their diverse portfolio:

In the Media sector, Transcontinental benefits from a good mix of local and national advertising. About 45% of advertising revenues generated by this sector come from local advertising, which was less affected by the economic downturn than was national advertising in 2001 and 2002.⁵⁴⁵

Media revenues again grew from \$413 million in 2002 to \$505 million in 2003, mainly attributed to acquisitions in newspapers.

⁵⁴³ Transcontinental owns periodicals in the United States and also appeals to American audiences with titles such as the *Hockey News*.

⁵⁴⁴ Transcontinental Group Ltd., *2001 Annual Report*, 39.

⁵⁴⁵ Transcontinental Group Ltd., *2002 Annual Report*, 37.

Despite continued growth coinciding with the allowance of split-runs in Canada, Transcontinental noted the advertising market remained depressed and cautious. The only reference Transcontinental made in its annual reports to CMF subsidies was in 2003 when it noted changes to the subsidy program could affect its revenues by \$2 million. However, Transcontinental was the program's second largest beneficiary, consistently receiving about 10% of the program's annual funding. From 2000 through to 2002 Transcontinental received over \$2 million annually in subsidies from the CMF, accounting for 11%, 9% and 8% of all contributions in 2000, 2001 and 2002 respectively. As with Rogers, despite the program substantially reducing its funding in 2003, Transcontinental's portion of the subsidies remained constant despite the actual amount decreasing to just over a million dollars in subsidy payments to the publisher.

Despite the HYPN report forecasting the downturn of the English-speaking magazine market within five years of foreign access, the demise of the industry simply did not happen. The legislation allowing split-run magazines up to 18% of their advertising aimed at Canadians came into effect in June of 1999 yet examination of the profits of Canada's major publishers do not indicate downturns until 2001, which can be attributed to international events and the consequent downturn of global markets rather than foreign entry to the Canadian market. However, one must also be wary of the potential for a prolonged affect due to the global economic downturn resulting from Sept. 11. Consequently, American publishers may not have been in a position to expand into the Canadian market due to the pronounced impact of the downturn in the American market. However, with an economic rebound, there may be evidence of more competitive entry into the Canadian market by foreign publishers in following next 5 years.

In 2003, Copps announced changes to the CMF such as reallocating heritage funds to small, localised minority newspapers.⁵⁴⁶ (Canadian Heritage, 2003, July 8; Minister of Public Works and Government Services Canada, 2003). Although this initially appeared to jeopardise subsidies the larger publishers, in the end they

⁵⁴⁶ Canada, Canadian Heritage, "Government of Canada Modifies Its Support Programs for Canadian Magazines and Periodicals," *News Release*, July 8, 2003, http://www.pch.gc.ca/newsroom/index_e.cfm?fuseaction=displayDocument&DocIDCd=3N0171 (accessed April 25, 2007); Canada, Minister of Public Works and Government Services Canada, *Canada Magazine Fund, Support for Editorial Content - Applicant's Guide 2003-2004*, Catalogue No. CH44-35/2004 (Ottawa: Minister of Public Works and Government Services Canada, 2003), Part 1.

continued to receive the same proportion of funding as the major publishers were also Canada's primary newspaper publishers.

6.4.3 Strengthening the Industry Watchdog

Throughout the debate, the publishing industry demonstrated its ability to directly influence cultural policy. Through political advisory roles such as the SAGIT, lobbying activities and involvement in the development of both Bill C-55 and the CMF, industry leaders could ensure data provided to the government constantly reiterated the threat of split-run magazines to the periodical industry of Canada and advocated continued industry protection and financial assistance. The activities of the major publishers and the CMPA/CBP continued to brand the publishing industry as protectors of Canadian identity and as concerned parties focussed on ensuring a future forum for Canadian voices. Specifically, the CMPA was strategically positioned to fulfil these roles.

Considering the CMPA claimed to protect the interests of the periodical industry, other, notably smaller publishers contacted the DOCH themselves to express concern about a subsidy program linked to the CMPA, CBP or any other industry Organisation. In so doing, the small publishers indicated that these bodies were not representing *all* member or publishing interests. Despite continued communication and numerous exchanges of proposals between the DOCH and CMPA representatives, by October 1999 smaller publishers were vocalising concerns. The Small Magazines Committee of the CMPA wrote to the DOCH to express apprehension, stressing "we feel that there is no effective and strong representation for the small magazine sector present" in the discussions between the federal government and industry representatives referring to future funding for the magazine sector.⁵⁴⁷ Further, in this letter, originally sent to the CMPA 27 Oct. 1999, the Small Magazines Committee questioned the motives of their own industry representatives in the development of the subsidy program:

The lack of representation for small magazines on the Working Group needs to be addressed immediately. Though we respect and support you in your efforts to bring our interests to the discussions, we feel that you are constrained by your role as CMPA Chair, and as an employee of Key Publishers, and that you may not always be able to speak freely on our behalf.⁵⁴⁸

⁵⁴⁷ Petra Chevier letter to Allan Clarke, "Re: Joint Working Group Letter", November 1, 1999 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 20).

⁵⁴⁸ Petra Chevier letter to Allan Clarke, "Re: Joint Working Group Letter", November 1, 1999 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 20).

The above statement refers to the October CMF proposal in which the CMPA had only specifically allocated \$2 million of the industry's requested millions to Small Magazine Publishing Assistance while the CMPA was allocated a higher amount for promotion of Canadian magazines. Further, the proposed subsidies would create an increasing discrepancy between the small and large publishers, as within three years the Canadian Magazine Assistance Program was proposed to increase from \$30 million to \$75 million annually, while the proposed Small Magazine Program remained constant at \$2 million annually.⁵⁴⁹ According to the proposal the majority of the funding requested for the CMF would be allocated according to paid subscription and circulation, benefiting larger publishers with stronger titles, high levels of circulation and a strong subscription base. These recommendations were followed upon implementation of the fund, resulting in the magazines with the largest cost and distribution bases eligible to receive the highest amounts in funding.

Concern regarding the nature of subsidy proposed by the CMPA and the larger publishers was also raised by the Manitoba Periodicals Association in May 2000 in a letter emphasising the following:

Individual publications must have direct access to these funds for a clear benefit to the individual publication which will enhance the sustainability of the sector. It is considered important that the Magazines Fund for small and medium size magazines not be restricted to co-operative or industry association projects.⁵⁵⁰

This further indicates a marked division between the interests of the CMPA and other publishing associations, with the MPA trying to distance itself from the major players and consequent interests of the CMPA.

Despite concerns raised by other factions of the periodical publishing industry, the CMPA's efforts were rewarded. Lucrative subsidy programs were approved that greatly benefited not only the major publishers, but also the CMPA itself. As Beaubien recommended in his October 1999 presentation "Proposed Assistance Programs for the Canadian Magazine Sector", throughout the consultation process relating to the CMF, the CMPA advocated \$3 million a year in funding for the CMPA/CBP to develop, disseminate and maintain a national marketing program for

⁵⁴⁹ See attachment, Francois de Gaspé Beaubien letter to Alex Himelfarb, October 15, 1999 [Attachment: "Proposed Assistance Programs for the Canadian Magazine Sector", Oct 11, 1999] (unpublished data, obtained by author from Canadian Heritage through AIR; Appendix B, Ref 7).

⁵⁵⁰ Laird Rankin letter to Andrea Philips, May 19, 2000 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 46).

Canadian magazines.⁵⁵¹ Although this appears to be a subsidised marketing campaign for Canadian publishers and their titles, this funding request was incorporated into the CMF thereby ensuring a future role for the CMPA. Further, upon inception of the CMF, the CMPA was further entrenched as it stipulated CMPA membership to benefit from the marketing programs, thereby ensuring membership in the organisation.

This recommended marketing subsidy was approved by the DOCH despite vocal concerns by other members of the industry and regional publishing associations. As a result, the CMPA was the primary beneficiary of CMF promotional funds between 2000 and 2003, receiving over \$7,500,000 of the \$10,919,640, or 69% of the entire budget for the period.⁵⁵² The majority of this funding was for the National Circulation and Promotion Project (NCP), which was restricted to members of the CMPA and NCP participants despite its mandate to promote consumer awareness of Canadian magazines. However, to be a participant in the NCP, publishers had to be members of the CMPA. Consequently publishers who were not members of the CMPA were not able to benefit directly from a nationally subsidised program, giving cause to question the objectivity of the program and the achievement of intended outcomes. Arguably, the marketing subsidy could be deemed to be aimed at promoting Canadian magazines that were members of the CMPA rather than promoting Canadian magazines.

6.4.4 Political Donations – Private Sector Gain

Allegations of preferential treatment of certain publishers by the DOCH were accompanied by murmurs of nepotism motivated by political funding. Suspicions relating to the large political donations of Rogers CEO, Edward Rogers led to speculation Rogers was influencing policy for corporate and personal gain while the government was compliant to placate a major donor. One sceptic noted “Rogers is fairly influential - you’re talking about a large Canadian company and there’s always the question of how cynical you want to be, but they are big Liberal supporters.”⁵⁵³

⁵⁵¹ See attachment, Francois de Gaspé Beaubien letter to Alex Himelfarb, October 15, 1999 [Attachment: “Proposed Assistance Programs for the Canadian Magazine Sector”, Oct 11, 1999] (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 7).

⁵⁵² Canada, Canadian Heritage, “Projects Approved Under the Canada Magazine Fund, Support for Infrastructure Development Component, From Fiscal Year 2000-2001 to Fiscal Year 2002-2003,” (Canadian Heritage), http://www.pch.gc.ca/progs/ac-ca/progs/fcm-cmf/adi-sid/2000-2003_e.cfm (accessed September 2, 2003).

⁵⁵³ Anonymous, in telephone discussion with the author, 2004 (interview conducted in confidentiality and name of interviewee was withheld by mutual agreement).

This scepticism appears to be outlined in an article by Anderson in which it is alleged Maclean Hunter (Rogers) has always had a close relationship with government.⁵⁵⁴ Anderson goes on to investigate this claim, outlining the relationship between the industry and the government, noting connections between Maclean Hunter and government officials, including raising questions about the role of the SAGIT and the CMPA in influencing policy outcomes.⁵⁵⁵

Further, as outlined throughout this chapter, it was alleged that the major publishers and their media conglomerates were major political sponsors, providing a motivation for political involvement and beneficial outcomes for the industry. In examining these allegations by analysing the political donations from Elections Canada of the major publishers throughout the period 1993 – 2001, one significant trend emerges.⁵⁵⁶ The Rogers group of companies has been a large political donor. Rogers has consistently donated large amounts not only to the Liberal Party of Canada (in power throughout the split-run dispute) but also to the other two major political parties that formed the opposition, the Progressive Conservatives and the Reform/Alliance contingent. Most notably, throughout the 1990's and through to 2001 Rogers was consistently one of the top 10 donors to the Liberal Party of Canada, implicating the relationship between the government and the publisher throughout the consultation process surrounding Bill C-55 and the resulting CMF. In non-election years Rogers' support for the Liberals remained constant while most donors reduced funding. Throughout the period of 1993 to 2001 in non-election years Rogers was consistently within the upper echelons of the top donors, even ranking as the third and fourth largest Liberal donor in a few years.

In addition to contributions to the Liberal Party as a whole, Elections Canada data reveals Rogers also made corporate contributions to a series of Liberal candidates running for federal office, making annual contributions of \$200-\$1000 per candidate. Specifically, contributions were made to the Cabinet Ministers including Deputy Prime Minister, the Minister of Foreign Affairs and the Minister of Trade and Industry in addition donations to Copps' campaigns. Donations to Cabinet Ministers were a consistent operation of Rogers publishing, with estimated donations in excess of

⁵⁵⁴ Scott Anderson, "Fighting Off Sports Illustrated: Canada's big magazine publishers use their dial-a-pol privileges to keep out American competition," *Eye Weekly: Toronto Star Newspapers Ltd.*, November 25, 1993, http://www.eyeweekly.com/eye/issue/issue_03.11.93/NEWS/med0311.php (accessed Apr. 25, 2007).

⁵⁵⁵ Scott Anderson, "Fighting Off Sports Illustrated: Canada's big magazine publishers use their dial-a-pol privileges to keep out American competition

⁵⁵⁶ Elections Canada, 2003, "Contributions to Political Parties Database", <http://www.elections.ca/home.asp> (accessed May 22, 2003).

\$10,000 a year to individual candidates in addition to the large donations outlined above made directly to political parties.

Rogers' record with the Conservatives is comparable, if not a little more exaggerated as Rogers CEO Edward Rogers was consistently the largest private donor to the Party, resulting in combined donations that made the Rogers conglomerate the largest Party donor on more than one occasion. Again, the donation amounts to the Liberal Party remained consistently high even in non-election years. In regards to the Reform Party of Canada that later changed to the Alliance and eventually merged with the Conservatives, Rogers again made large donations throughout the 1990's although not to the extent it donated to the large traditional Canadian political parties.

These large donations to both the ruling Party and the opposition parties are suspect given the dependency of the company on continued protectionist legislation and subsidies. This calls one to further question the involvement of Rogers in the discussions surrounding not only Bill C-55, but also more specifically the CMF which Rogers representatives played an intricate part in developing.

6.5 Conclusion

This bill is not about protecting Canadian identity; it is about protecting the Canadian publishing industry. This bill is about money, plain and simple.⁵⁵⁷

This chapter began with an examination of allegations of a special relationship between the DOCH and select publishers throughout the split-run dispute as a motivating factor driving the development of Canadian cultural policy. In analysing the available evidence it appears these allegations are valid and that Canadian cultural policy was motivated for political and private sector gain. However, despite a series of private meetings, information exchanges and financial compensation on both the government's and the publisher's accounts, senior bureaucrats, the major publishers, the publishing associations and former DOCH Minister Copps deny any form of special relationship or additional access to government and vehemently deny any suggestion of collusion.

⁵⁵⁷ Obhrai, Canada, Parliament, *Debates of the House of Commons of Canada (Hansard) [electronic resource]*, No. 242, 36th Parliament, 1st Session, June 10, 1999, (Ottawa: House of Commons, 1999). <http://www2.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&Parl=36&Ses=1&DocId=2332949> (accessed April 23, 2007).

The allegations become much more ingenuous given evidence regarding the relationships between senior officials of the Canadian government with representatives of the major publishers, an agreement to compensate the industry for costs incurred throughout the development of legislative solutions resulting from the split-run dispute, and large industry subsidies despite consistently strong industry profits. The allegations are further supported by Magazines Canada observations noting Canadian consumer magazines continued to “hit new record highs” and “On a global scale, Canada continues to be a revenue growth leader.”⁵⁵⁸

In examining the documentation relating to meetings, it is obvious specific publishers had a level of government access not enjoyed by other stakeholders in the debate. It is clear the government met with the publishers frequently and had relationships with Malden of Rogers and Beaubien of Telemedia, including a 2 day retreat including Beaubien and senior members of the DOCH. It is also clear the publishers were aware of the specific details of the closed-door bilateral negotiations from a senior source within the DOCH. There are instances that lead to a conclusion of collusion between the DOCH and publishers including the garnering of support for proposed legislative preferences, and the publishers presenting a bill for their costs to the DOCH. Curiosity escalates in light of the fact that the other parties were not compensated for the costs they incurred in supplying the government equivalent documentation of their position and industry analysis. Overwhelmingly, throughout the dispute it is obvious that other parties were not consulted to the same extent as the major publishers. The advertisers were not given an equal opportunity to present their opinion on the proposed legislation and were not brought into the process of developing a policy solution on any level, in stark contrast to the involvement of the major publishers.

Further, questions surround the involvement of the publishers in the development and implementation of the CMF. The CMF was implemented as compensation to the Canadian periodical industry for lost revenue as a direct result of split-run competition for Canadian advertising revenue. However, there is no indication that Canadian advertising revenue had been diverted to foreign titles. Instead there is evidence Canadian titles have continually experienced unprecedented growth in advertising revenue since the introduction of split-runs into the Canadian market. Thus, one must be sceptical of the introduction of the CMF and question the

⁵⁵⁸ Magazines Canada, “Magazine Revenues Reach New Record High,” PAGE 7, no. 2, February 27, 2004.

justification of the primary beneficiaries of the fund, notably Rogers and Telemedia/Transcontinental. These two companies received millions of dollars a year in federal subsidies yet continued to report substantial profits, publishing Canada's best selling titles. On this point, one must question the relationship between the involvement of the large publishers, notably Rogers, in the development of proposed legislation and subsidy programs, the consequent CMF and the link to large political donations to the major political parties of Canada and to a number of individual MPs. Again, as one of the interviewees of the chapter noted, it depends on how cynical one wants to be when drawing conclusions on these issues, but given recent events in Canada with the Liberal government, private funding, and public spending, suspicions of the true nature of the subsidy program are bound to be raised.⁵⁵⁹ Further, in 2003 the CMF budget was substantially reduced once it became apparent that the feared imposition of split-runs to the Canadian market was not a reality. The programme, however, was maintained and large publishers continued to receive substantial annual subsidies despite strong profits and widespread increases in advertising revenue for major titles.

The involvement of the CMPA in the development of the subsidy program is also suspicious given the association is the primary beneficiary of the program and was able to stipulate the marketing program being implemented was restricted to members of the association.

Further, the discussions between the government, the major publishers and the CMPA regarding a reduction in the proposed criteria for Canadian content brings one to question the motivation of the entire sequence of events. The publishers did not appear to be protecting Canadian content despite relying on that notion as their sound byte for public approval, but rather were protecting their corporate interests. The government's actions also support these interests.

Finally, the arguments made by the publishers against liberalising Canadian cultural policy are even more contentious given the nature of the ownership interests within the Canadian periodical industry. Rogers, notably, also had financial interests in other sectors of the Canadian cultural industry, and would experience widespread repercussions of any relaxation of Canadian cultural legislation in addition to their

⁵⁵⁹ Re: Gomery enquiry in which the Liberal government has been accused of issuing private sector advertising contracts in exchange of large party sponsorship. Rogers has been mentioned by witnesses as a host to parties where lucrative relationships were formed between the Liberal government and the private sector.

interests in magazines. This evidence clearly points to industry interests guiding the development of Canadian protectionist policy while also exemplifying political motivations to retain involvement and engagement of the large publishers.

Chapter 7: Broader Political Agenda as the Impetus for Protectionist Cultural Policy

This chapter tests the third hypothesis that protectionist cultural policy is motivated by broader government initiatives, specifically foreign policy objectives. Coinciding with the split-run magazine dispute Canada was reassessing its place in the world, reconsidering both domestic and foreign priorities and developing a foreign policy strategy to counter its diminished international presence and redefine Canada on a global scale. The split-run magazine dispute and the consequent legislative deliberations offered an opportunity for Canada to demonstrate its presence as a model power on an international stage, showcasing its defence of cultural industries against perceived American bullying and ending a period of Canadian introversion and lassitude.

As a result of the potential international ramifications of Canada's response to the WTO ruling and American threats of trade sanctions the split-run dispute assumed a global significance. Other countries were closely observing the case as the unparalleled American challenge upheld by the WTO represented an international precedent regarding the mounting challenge and defence of the perceived right of governments to protect national identity in a world increasingly governed by international trade agreements. It therefore presented an opportunity to exemplify the strength of the Liberal government on an international level in testing of the NAFTA cultural exclusion clause, offering Canada an opportunity to challenge the American position with the world watching. However, this global observation of Canada's response to the American challenges also presented a host of potential negative ramifications. If Canada did not defend its position and conceded to American threats without negotiating a settlement it risked a further weakening of its international reputation while indicating to the United States that Canada could be bullied on other contested trade issues such as softwood lumber and agricultural products. Consequently, Canada had to ensure its legislative response adhered to international commitments while also protecting Canadian identity. It is therefore extremely interesting to follow Canada's global networking effort on culture in the 1990s and to question if the Canada's reluctance to relax cultural legislation would have been the same had the issue not garnered the same level of foreign attention, providing Canada the opportunity to redefine itself as a model power.

To determine the relevance of the opportunity to lead on an emerging global issue such as cultural protectionism, an assessment of Canada's position on the global stage at the beginning of the split-run dispute is necessary. It is also essential to examine the Canadian foreign policy strategy that emerged throughout the course of the dispute with a focus on redefining Canada globally. Within this context, Canada's emerging foreign policy will be considered in light of the threat of disproportionate trade sanctions by the Americans.

7.1 Lack of a Canadian Global Presence

O, Canada. The unfinished country has become the diminished country.⁵⁶⁰

At the time of the split-run magazine dispute, Canada was experiencing a reduced global presence.⁵⁶¹ Despite being a member of the G8, the UN, NATO and the WTO, Canada's presence in the world had become lacklustre to say the least. The late 1980's and early 1990's had necessitated an introverted political focus as the Mulroney and Chrétien governments conducted a period of fiscal review and restraint, constitutional review, and reacted to the looming threat of the separatist movement in Quebec. However, major trade issues with the U.S. had plagued Canada since the inception of NAFTA as the American government challenged softwood lumber, textiles, agriculture, steel and, finally, culture. In each issue, Canada was accused on a domestic front of crumbling under pressure from the United States while the rest of the world observed the continual diminishing of Canada's autonomy and humbling of its once enviable global presence.

However, as Cohen and Welsh argue, these issues were only representative of what has now been identified as a historical retreat from a position of international reverence to one of international ambivalence due to continued funding cuts and a series of seemingly parochial leaders projecting an unfocussed foreign policy increasingly rendering Canada an international follower. Rather than maintaining a role of military might, foreign aid funding and, perhaps most importantly, ideological leadership it was once revered for, Canada had seemingly, by the 1990's, retreated from the world stage:

We have created a Potemkin Canada. The truth is that Canada is in decline in the world today. It is not doing what it once did, or as much as it once did, or enjoying the success it once did. By three principal measures – the power of its military, the generosity of its

⁵⁶⁰ Cohen, *While Canada Slept: How We Lost Our Place in the World*, 25.

⁵⁶¹ Cohen, *While Canada Slept: How We Lost Our Place in the World*; Jennifer Welsh, *At Home in the World: Canada's Global Vision for the 21st Century* (Canada: Harper Collins, 2004).

foreign aid, the quality of its foreign service – it is less effective than a generation ago. In other areas – such as the relative strength of its economy, the diversity of its trade, the persuasiveness of its diplomacy, the quality of its foreign intelligence, and the awareness of the world among its people, and of its people among the nations of the world, it is also in retreat.⁵⁶²

Further, this loss of international power and reputation resulted from a domestic situation in which the government was apparently diverted by a handful of albeit important domestic issues including aboriginal and constitutional affairs, economic restraint and, of course, the separatist movement in Quebec. However, Cohen argues that in allowing these issues to monopolise the political agenda cornerstones of Canadian policy, such as foreign affairs, education, health care and the national broadcasting system, diminished in direct correlation to budget cuts. The result, Cohen laments, was a lethargic group of politicians, a “soft, irresponsible media” and an education system that doesn’t teach Canadian history.⁵⁶³ Consequently, Cohen concluded that as Canada became a ‘lesser country at home’, it became a ‘lesser country abroad’.⁵⁶⁴ Its middle power ideologies seemed to be merely representative of global institutions such as the United Nations (institutions which were starting to be questioned for their effectiveness) where again the Canadian voice was lost in the cacophony of more powerful nations, as was its presence in global trade initiatives.

Thus, Canada’s differentiating characteristics were in decline, mirrored by decreased levels of foreign aid, reduced military presence and the absence of any real Canadian ideology, either domestically or globally. Further, Gerry Barr, President of the Canadian Council for International Co-operation, noted Canada was losing its “moral weight.”⁵⁶⁵ Canada no longer represented the international voice of reasonableness and compassion that ensured its position of international respect and its involvement as a prominent voice in international decision making but rather had come to rely on its past leadership and reputation.

This had broader implications. As Prizel notes, foreign policy is merely an extension of national identity, and in the modern state, nationalism and national identity are the main source of unity.⁵⁶⁶ This draws one to assume a diminished foreign policy is representative of a diminished sense of nationalism.

⁵⁶² Cohen, *While Canada Slept: How We Lost Our Place in the World*, 22-23.

⁵⁶³ Cohen, *While Canada Slept: How We Lost Our Place in the World*, 22-23.

⁵⁶⁴ Cohen, *While Canada Slept: How We Lost Our Place in the World*, 22-23.

⁵⁶⁵ Cohen, *While Canada Slept: How We Lost Our Place in the World*, 86.

⁵⁶⁶ Prizel, *National Identity and Foreign Policy*, 2.

7.2 The Double Edged Sword of Canada's Dependence on Multilateralism

The fact of the matter is that it should be blindingly obvious that a country like Canada that has a very small market has to export to survive, and we need rules that make sure the game is a game of right and wrong and not of big and little. It still is a game of big and little...⁵⁶⁷.

Given Canada's position as a vast country with a disproportionately small population and domestic market neighbouring the United States, by the end of the twentieth century it was highly dependent on effective multilateral trade agreements to 'level the playing field', maintain fair access to international markets and prevent dumping of American goods. Canada had a vested interest in multilateral trade and a profound reliance on an effective rules-based trading system with enforceable rules to ensure fair trade with powerful partners such as the U.S.⁵⁶⁸ However, this position in turn restricted autonomy as Canada was hesitant to make decisions that could alienate global partners or upset the tenuous balance of multifaceted trade agreements. Further, as exemplified in the split-run dispute, these agreements, in turn, restricted national autonomy, hindering implementation of effective domestic policy aimed at protecting the periodical industry. Even within the rules-based multilateral agreements of both NAFTA and the WTO, Canada was well aware that hegemonic power such as the EU and the U.S. continued to dominate.⁵⁶⁹

Yet despite its reliance on trade agreements, Canada was adamant that not all sectors were open to negotiation. The government had consistently aimed to protect its ideological interests in multilateral trade agreements by retaining protections around cultural goods, deliberately excluding the sector from many negotiations.⁵⁷⁰ However, this was not proving to be an effective approach as Canada's reluctance to negotiate on culture was not mitigating trade challenges on the issue. At the time of the split-run dispute there was no effective mechanism to address the issue of the protection or liberalisation of trade of cultural goods and the only protection Canada had was its refusal to negotiate culture in NAFTA or the

⁵⁶⁷ Clark, Canada, Parliament, House of Commons, Standing Committee on Foreign Affairs and International Trade, *Evidence Standing Committee on Foreign Affairs and International Trade*, 36th Parliament, 1st Session, March 4, 1999, (Ottawa : The Committee, 1999) <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?SourceId=51929&Lang=1&PARLSES=361&JNT=0&COM=112> (accessed May 2, 2007).

⁵⁶⁸ Anonymous, in telephone discussion with the author, 2004 (interview conducted in confidentiality and name of interviewee was withheld by mutual agreement).

⁵⁶⁹ Shannon, International Trade, *Evidence Standing Committee on Foreign Affairs and International Trade*, 36th Parliament, 1st Session, March 2, 1999, (Ottawa : The Committee, 1999) <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?SourceId=51909&Lang=1&PARLSES=361&JNT=0&COM=112> (accessed May 2, 2007).

⁵⁷⁰ Barlow, International Trade, *Evidence Standing Committee on Foreign Affairs and International Trade*, 36th Parliament, 1st Session, March 2, 1999.

GATT.⁵⁷¹ This gap indicated the requirement for an agreed global stance regarding the trade of cultural goods as emerging technology was not only challenging existing legislation, but was also fuelling existing debates relating to electronic commerce and intellectual property. In recommending investigation of alternative trade mechanisms focusing on perception of culture as a unique product, the Standing Committee on Foreign Affairs and International Trade cited Acheson's observation "exempting culture from trade agreements does not exempt cultural issues from international discipline."⁵⁷²

This was further complicated by the realisation that Canada's profound reliance on multilateral, rules-based international trading mechanisms was resulting in an increasingly restrictive position for the country within the global community. The Special Joint Committee Reviewing Canadian Foreign Policy lamented that policy options were restricted on two levels. First, global interdependence was driving states to "share sovereignty" to resolve issues dependent on international cooperation while international rule making was limiting national independence.⁵⁷³ The necessity of maintaining a fine balance of good relations with a series of trade partners exemplified the Canadian fear that globalisation restricted national autonomy and ultimately affected sovereignty as policy options were increasingly restricted. This was exemplified in the split-run magazine dispute, as Canada's refusal to negotiate on culture and its perceived right of continued protection of the cultural sector had not come at a high price. The United States was an advocate for the free trade of cultural goods as one of its main export sectors, straining Canada's relations with its most important and most powerful trade partner. An added level of complexity was exemplified by the WTO ruling in favour of the United States as it entered the contentious debate of the classification of culture as a good versus a service, presenting wide-ranging ramifications in a world of technological advancement. Canada, meanwhile, maintained its stance that cultural goods and services are unique, with different protections applied as relevant:

Many of Canada's cultural policy measures such as subsidies, tax incentives, quotas, restrictions on private ownership, and the

⁵⁷¹ Canada, Parliament, House of Commons, Standing Committee on Foreign Affairs and International Trade, *Canada and the Future of the World Trade Organization: Advancing a Millennium Agenda in the Public Interest: Report of the Standing Committee on Foreign Affairs and International Trade* (Ottawa: The Committee, 1999), 6.

⁵⁷² Canada, Parliament, House of Commons, Standing Committee on Foreign Affairs and International Trade, *Canada and the Future of the World Trade Organization: Advancing a Millennium Agenda in the Public Interest: Report of the Standing Committee on Foreign Affairs and International Trade*, 6.

⁵⁷³ Canada, Parliament, Special Joint Committee Reviewing Canadian Foreign Policy, *Canada's Foreign Policy: Principles and Priorities for the Future*, 5.

operation of public enterprises like the CBC, affects both goods and services in circumstances where both are combined. Periodical legislation contained in Bill C-55 is aimed at advertising services. The question to be resolved is how distinctions are to be made between goods and services when the two are combined and where different trade rules apply.⁵⁷⁴

Additional complication was evidenced in the interrelatedness of international trade agreements as Canada found it could not address the cultural sector in isolation. Throughout the session of the 35th Parliament (1995-1996), the Standing Committee on Foreign Affairs and International Trade was investigating dumping and countervailing issues under NAFTA relating to steel, textiles, softwood lumber and now the periodical issue. Taking too firm a stance on this primarily domestic issue threatened to jeopardise other more lucrative trade industries which was simply not viable for a country such as Canada.

The Canadian stance could not be maintained indefinitely, especially given the apparent ineffectiveness of the NAFTA exclusion clause and increasing pressure to liberalise trade of cultural goods combined with technological advances that facilitated circumvention of existing legislation. Although the split-run dispute was a sensitive, ideological issue for Canada, in maintaining an inflexible stance and implementing Bill C-55, Canada jeopardised its relationship with the United States and risked a trade war. As Cohen argues, Canada's options were severely limited by dependence on the United States given trade with America accounted for more than 80% of Canada's exports.⁵⁷⁵ As the U.S. government applied more pressure, threatening disproportionate sanctions on other sectors in response to the proposed Bill C-55, questions relating to the domestic autonomy in a globalising world came to the surface. The split-run dispute was the first real test of the cultural exemption clause in NAFTA, highlighting problems in areas of dissenting perspectives and driving the threat of disproportionate trade sanctions. This position underscored Canada's dependence on rules-based multilateral trade agreements which offered more protection against hegemonic power. Canada was experiencing first hand the perils of not fully protecting itself in its NAFTA clause pertaining to culture combined with the inability to implement a domestic solution, epitomising multinational constraints on domestic affairs.

⁵⁷⁴ Canada, Parliament, House of Commons, Standing Committee on Foreign Affairs and International Trade, *Canada and the Future of the World Trade Organization: Advancing a Millennium Agenda in the Public Interest: Report of the Standing Committee on Foreign Affairs and International Trade*, 4.

⁵⁷⁵ Cohen, *While Canada Slept: How We Lost Our Place in the World*, 114.

Finally, additional pressure came in the form of an international audience. Countries sharing Canada's desire to protect their domestic cultural sectors were monitoring the dispute, knowing Canada could not afford to concede to American pressure, nor could it afford not to. This led the Canadian government to reassess its approach to multilateral negotiation and dependency, reconciling the trade-offs in an increasingly challenging environment. Essentially, for Canada to retain both its economic position and its ideological position, it would have to find a way to make multilateral trade agreements more effective, accountable and more compatible with its position.

7.3 A Country of Quiet Desperation at a Crossroads of Opportunity

Despite Canada's diminished international presence, its overwhelming dependence on multilateral agreements and signs of a government out of touch both domestically and globally, the issues emerging through the spit-run dispute offered Canada an opportunity to restate its position in the world. Due to its unique relationship with the United States, Canada appeared to be encountering unprecedented trade challenges and barriers, allowing Canada to capitalise on being a forerunner in challenges with the Americans. Consequently, the challenge to its protectionist cultural legislation presented a favourable set of circumstances for Canada to re-brand itself globally through initiation of a debate on the defence of national ideology in an increasingly globalising environment. As Welsh notes, it had to somehow find a new confidence to participate in multinational agreements and project its agenda onto the world stage.⁵⁷⁶ Canada was realising that effective multilateralism required engaging trade partners in discussions on Canada's terms.

This strategy necessitated consideration of a number of issues prior to political action. Initiation of a global movement protecting domestic cultural activities under the guise of promoting cultural diversity, would provide the opportunity to become more vocal internationally and project its ideology globally. The positive effect of this would be ensuring "the primacy of the rule of law" in a manner equated to its previous involvement in the Landmines Treaty and the International Criminal court by becoming an ideological leader advocating international recognition of the unique nature of cultural goods.⁵⁷⁷ Doing so would apply Prizel's theory of using foreign policy to reiterate the nation's legitimacy both domestically and abroad.⁵⁷⁸ Conversely, promoting a dialogue on the trade of cultural goods presented risks of

⁵⁷⁶ Welsh, *At Home in the World: Canada's Global Vision for the 21st Century*, 80.

⁵⁷⁷ Herman, Canada, Parliament, House of Commons, Standing Committee on Foreign Affairs and International Trade, *Evidence Standing Committee on Foreign Affairs and International Trade*, 36th Parliament, 1st Session, March 2, 1999.

⁵⁷⁸ Prizel, *National Identity and Foreign Policy*, 19.

increased pressure, resistance and potential sanctions from the United States, undermining existing relationships upon which it was highly dependent.

Ultimately, however, the Canadian government could not afford to remain passive in the face of trade aggression by other countries. The split-run magazine dispute and the stand off with the Americans over an issue Canada thought it had effectively negotiated in NAFTA was an indication the country had no choice but to change its strategy in trade negotiations and the projection of Canadian interests and values internationally.⁵⁷⁹ Further, for multilateral trade to benefit Canada, emerging or non-negotiated sectors such as culture would need to be addressed, necessitating an active Canadian involvement in future negotiations with a clear strategy and mandate on governance on the trade of culture. However, as evidenced in the split-run magazine dispute, a contentious issue could quickly escalate to a global challenge.

In 1994 the Special Joint Committee Reviewing Canadian Foreign Policy supported an international advocacy effort on cultural issues. The Committee acknowledged Canada's dependence on international trade and the increasingly contentious international environment, observing "the resources at the disposal of national governments are diminishing."⁵⁸⁰ Consequently, the Committee recommended Canada "build trade, investment and technological links and strategic business alliances, combined with strong support for the widest possible liberalisation of trade but also for an effective system of world trade rules."⁵⁸¹ Presenting its recommendations in the second year of the split-run dispute, the Committee suggested Canada clarify and enforce the cultural exemption provision of NAFTA to diminish potential opposing interpretations in future.⁵⁸² The Committee also recommended Canada foster a greater global sense of the importance of cultural goods by working with other countries to ensure the WTO reflected universal values rather than those of powerful, hegemonic members.⁵⁸³ The government's response to these recommendations indicated a caution regarding global action, betraying a fear of upsetting the balance of relationships in its multilateral dependencies:

⁵⁷⁹ Welsh, *At Home in the World: Canada's Global Vision for the 21st Century*, 57.

⁵⁸⁰ Canada, Parliament, Special Joint Committee Reviewing Canadian Foreign Policy, *Canada's Foreign Policy: Principles and Priorities for the Future*, 5.

⁵⁸¹ Canada, Parliament, Special Joint Committee Reviewing Canadian Foreign Policy, *Canada's Foreign Policy: Principles and Priorities for the Future*, 9.

⁵⁸² Canada, Parliament, Special Joint Committee Reviewing Canadian Foreign Policy, *Canada's Foreign Policy: Principles and Priorities for the Future*, 34.

⁵⁸³ Canada, Parliament, Special Joint Committee Reviewing Canadian Foreign Policy, *Canada's Foreign Policy: Principles and Priorities for the Future*, 34.

It is important that domestic and international policies regarding the full range of Canadian interests be balanced, complementary and mutually enforcing.... The Government must therefore balance all these considerations in choosing the appropriate policy instruments for protecting and promoting Canadian culture.⁵⁸⁴

However, in an article on Liberal foreign policy, Kirton highlights that in 1995 and 1996 the direction of Canadian foreign policy shifted to become more decisive.⁵⁸⁵ As a result, Canada began to emerge with focussed initiatives and appeared to be seeking a position of global leadership after a period of extended absence.

Following the WTO ruling in favour of the United States and the threat of trade sanctions in response to the proposed Bill C-55, the suggestion that the Canadian government take a global stance regarding cultural policy was raised again. In its 1999 Report to DFAIT, the SAGIT recommended international action to promote and preserve domestic cultural industries and to retain cultural legislation despite globalisation. The SAGIT encouraged an aggressive stance in leading the world to protect culture by assuming a role of leadership in fostering an international cultural lobby group. Others supported the SAGIT's recommendations, such as Canadian Conference of the Arts representative Megan Williams, who in her appearance to the Standing Committee on Foreign Affairs and International Trade appealed for Canada to leverage international partnerships for action:

It is clear that the resolution of the cultural trade challenge cannot be unilaterally resolved by Canada... Canada should officially convene a conference of international representatives that is specifically designed to draft a protocol or covenant to apply to all international trade and investment agreements.⁵⁸⁶

The SAGIT made its argument even more compelling by reverting to the relation between culture and nationalism that pulled at the heartstrings of the Canadian government;

It is time for Canada to make some crucial decisions. Do we define ourselves simply as the producers and consumers of tradable goods and services? Or are we prepared to step forward and reaffirm the importance of cultural diversity and the ability of each country to ensure that its own stories and experiences are available both to its own citizens and to the rest of the world?

⁵⁸⁴ Canada, Department of Foreign Affairs and International Trade, *Government Response to the Recommendations of the Special Joint Committee Reviewing Canadian Foreign Policy*, 27.

⁵⁸⁵ John Kirton, "Foreign Policy Under the Liberals: Prime Ministerial Leadership in the Chretien Government's Foreign Policy-Making Process," in *Canada Among Nations 1997, Asia Pacific Face-Off*, ed. Fen Osler Hampson, Maureen Appel and Martin Rudner (Ottawa: Carleton University Press, 1997), 21-50.

⁵⁸⁶ Williams, Canada, Parliament, House of Commons, Standing Committee on Foreign Affairs and International Trade, *Evidence Standing Committee on Foreign Affairs and International Trade*, 36th Parliament, 1st Session, March 9, 1999, (Ottawa : The Committee, 1999) <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?SourceId=52185&Lang=1&PARLSES=361&JNT=0&COM=112> (accessed May 2, 2007).

Members of the SAGIT believe it is time to step forward. Just as nations have come together to protect and promote biodiversity, it is time for them to come together to promote cultural and linguistic diversity.⁵⁸⁷

The SAGIT continued along this vein, recognising that such a move would be met with international support as other countries also acknowledged not only the economic, but also the perceived ideological link between cultural products and national identity. The SAGIT argued that within the context of increased focus on multilateral trade combined with increased pressure on international trade of culture, the timing was optimal for Canada to take a stance and to set a foundation of rules. These rules, DFAIT Minister Marchi argued would enable Canada to maintain its cultural policy to protect and promote Canadian content while abiding by trade rules and creating markets for exports.⁵⁸⁸

Further, if the government pursued a leadership role, it would have to develop a well-crafted strategy, learning from its experiences of NAFTA and the WTO regarding the questionable effectiveness of exemption clauses. The SAGIT's proposed strategy advocated the development of an international instrument that would unite similar minded countries and provide support for the retention of domestic protectionist cultural policy in a globalising world as a tool of nationalism. Marchi suggested the tool would protect and promote cultural products, acting as a "legitimate expression of Canada's aspirations as a country" as "cultural experiences are uniquely woven into our very lives and communities in a way that defines and sustains us as a nation and as a people."⁵⁸⁹ Further, Marchi argued the proposed instrument would ensure a platform for storytellers in a global information society so cultural diversity is retained as a "dynamic part of our global heritage".⁵⁹⁰ These recommendations were embraced by DFAIT at a time when Canada was looking for a way to increase its international presence.

⁵⁸⁷ Canada, Cultural Industries Sectoral Advisory Group on International Trade, *New Strategies for Culture and Trade, Canadian Culture in a Global World [electronic resource]*.

⁵⁸⁸ Canada, Department of Foreign Affairs and International Trade, "Speaking notes for Ambassador Sergio Marchi at the Canadian Association of Broadcasters Third Annual International Broadcasters Dialogue", Banff Television Festival, Banff Canada, June 10, 2002, http://64.233.169.104/search?q=cache:SVwarYe_VMQJ:www.international.gc.ca/tna-nac/cab_speech-en.asp+Banff+Television+Festival+marchi&hl=en&ct=clnk&cd=4&q=ca (accessed 2 May 2007).

⁵⁸⁹ Canada, Department of Foreign Affairs and International Trade, "Speaking notes for Ambassador Sergio Marchi at the Canadian Association of Broadcasters Third Annual International Broadcasters Dialogue", Banff Television Festival, Banff Canada, June 10, 2002.

⁵⁹⁰ Canada, Department of Foreign Affairs and International Trade, "Speaking notes for Ambassador Sergio Marchi at the Canadian Association of Broadcasters Third Annual International Broadcasters Dialogue", Banff Television Festival, Banff Canada, June 10, 2002.

In acting on the recommendation to initiate development of an international instrument, the government aimed to showcase Canada's ideological stance and promote the country as a model power on a global stage. However, due to its dependency on the United States and commitment to multilateral trade agreements, both of which it would be challenging in acting on the SAGIT recommendations, Canada had to plan its strategy to create a tool on international cultural diversity and policy carefully so as not to jeopardise harmonious relationships.⁵⁹¹ Canada therefore had to be very cautious about over exposure, of risking more than it could stand to lose, and ensuring it was not initiating a campaign it could not effectively maintain. In initiating international dialogue on cultural policy, Canada would be deviating from its perceived persona of lacklustre passivity by acting internationally upon domestic frustration at the bullying tactics of American politicians;

The Canadian government just can't grovel and wring its hands every time Charlene Barshefsky or Ambassador Griffin floats a new threat in the newspapers. If Canada caves in to threats from the United States or if the Europeans do, we will lose all the benefits we gained out of the Uruguay Round that harnessed the U.S.'s ability to make these threats and use them.⁵⁹²

Thus, Canada found itself at a crossroads of action versus inaction, of the promotion of a new, strong, ideologically driven Canada leading the international community in a contentious cultural debate, or of continuing a known existence of eroding mediocrity.

7.4 Capitalising on the Split-run dispute to Promote Canada as a Model Power

Our country lacks the economic and military capabilities of a great power. We do not seek superiority over our neighbours, nor do we inspire jealousy and suspicion. But neither are we at the bottom of the heap. To put it another way, while we cannot do some of the things that great powers can do, we can do things that smaller powers cannot do... By taking advantage of this ambiguous position within the international hierarchy, Canada has gone a long way. The language and practice of middle power diplomacy has justified our country's attainment of disproportionate influence in international affairs and has given us a distinctive national foreign policy brand.⁵⁹³

Despite fears of alienating its largest trade partner, Canada had found its options were limited, with the recommendations of the Special Joint Committee on Foreign Policy and the SAGIT most feasible. Canada also knew it was well positioned to gain international support for the plight of cultural products in an increasingly

⁵⁹¹ Anonymous, in telephone discussion with the author, 2004 (interview conducted in confidentiality and name of interviewee was withheld by mutual agreement).

⁵⁹² Clark, Canada, Parliament, House of Commons, Standing Committee on Foreign Affairs and International Trade, *Evidence Standing Committee on Foreign Affairs and International Trade*, 36th Parliament, 1st Session, March 4, 1999.

globalising world. In acting on the Committee's and the SAGIT's recommendations, the government would have to find a way to would divert attention away from its isolated domestic situation by making protection of national cultural identity a global issue while ensuring the solution did not compromise its trade commitments. This process entailed three main steps. First, Canada had to clearly define the national relevance of cultural products on an international level through both its domestic and foreign policy. Second, it had to garner international support for the protection of cultural products in multilateral negotiations. Finally, it had to develop a 'new international cultural instrument' as recommended by the SAGIT worthy of international support to govern the trade of cultural goods and to retain cultural diversity on a global scale.

7.4.1 Defining the National Relevance of Culture in an International Environment

Canada should not retreat from the world... Canadians must be more globalist in outlook and action.⁵⁹⁴

Early in the split-run dispute the Special Joint Committee Reviewing Canadian Foreign Policy acknowledged the relevance of the impact of foreign policy on domestic policy, and equally, of domestic policy on foreign policy.⁵⁹⁵ At this point in the dispute, the Committee was already aware the U.S. could take retaliatory action if Canada was insistent on protecting cultural industries given the problematic cultural exemption clause in NAFTA.⁵⁹⁶ This raised concern about depending on bilateral trade agreements with the world's hegemonic power as the American government appeared to interpret clauses according to its own agenda.

Despite these issues with the cultural exemption clause in NAFTA, the Committee remained steadfast in its view that a country had an inherent right to protect its cultural identity despite globalisation and trade agreements.⁵⁹⁷ Consequently, the Committee recommended that in addition to challenging the interpretation of the cultural exemption clause in NAFTA, the Canadian Government seek international support with the aim of establishing a fair, common law for the trade of cultural

⁵⁹³ Welsh, *At Home in the World: Canada's Global Vision for the 21st Century*, 133-134.

⁵⁹⁴ Canada, Parliament, Special Joint Committee Reviewing Canadian Foreign Policy, *Canada's Foreign Policy: Principles and Priorities for the Future*, 9.

⁵⁹⁵ Canada, Parliament, Special Joint Committee Reviewing Canadian Foreign Policy, *Canada's Foreign Policy: Principles and Priorities for the Future*, 6.

⁵⁹⁶ Canada, Parliament, Special Joint Committee Reviewing Canadian Foreign Policy, *Canada's Foreign Policy: Principles and Priorities for the Future*, 32.

⁵⁹⁷ Canada, Parliament, Special Joint Committee Reviewing Canadian Foreign Policy, *Canada's Foreign Policy: Principles and Priorities for the Future*, 32.

products.⁵⁹⁸ The Committee advocated the government initiate international forums to foster global support for protection of national cultural identity.

DFAIT was also coming to believe Canada could set an international example through its use of culture as a foreign policy objective. In response to the Committee's recommendations, DFAIT released a 1995 white paper entitled "Canada in the World" which outlined Canada's foreign policy strategy for the future. Comprised of a "trinity of values" underlying international relations, the government identified three major objectives upon which to shape its foreign activity; the protection of security, the projection of Canadian values abroad, and the promotion of prosperity and employment.⁵⁹⁹

Canada's 1995 Cultural Foreign Policy aimed to:

- make Canada a leader in the new world economy by projecting the image of a country that is unique, creative, innovative and hence competitive
- protect our cultural sovereignty
- undergird the Canadian identity by exhibiting its most creative aspects on the international scene; and
- protect the growth and vitality of the culture and education sectors, and thereby help create jobs

Government of Canada, Government Response to the Recommendations of the Special Joint Committee Reviewing Canadian Foreign Policy, 1995, pg. 78.

Regarding the cultural objective, the Special Joint Committee Reviewing Canadian Foreign Policy claimed the projection of Canadian identity through cultural products and education abroad should be considered a "fundamental dimension of Canadian foreign policy."⁶⁰⁰ The government's response to the Committee's recommendations clearly noted its perceived importance of the role of cultural goods as a 'binding force' within the nation in an increasingly globalising world, stressing the relevance of culture to the nation state increases within the context of intense global trade and multinational trade agreements.⁶⁰¹

Further, DFAIT attached additional nationalist emphasis to the importance of Canadian cultural goods, not just on a domestic level, but also on an international level. The Canadian government had clearly determined cultural industries to be an area of foreign policy in which it could set a global example as it continued to maintain its right to protect cultural industries. It vocally supported the Canadian periodical industry in the face of American pressure and aimed to effectively

⁵⁹⁸ Canada, Parliament, Special Joint Committee Reviewing Canadian Foreign Policy, *Canada's Foreign Policy: Principles and Priorities for the Future*, 32-33.

⁵⁹⁹ For "trinity of values" see Cohen, *While Canada Slept: How We Lost Our Place in the World*, 83.

⁶⁰⁰ Canada, Parliament, Special Joint Committee Reviewing Canadian Foreign Policy, *Canada's Foreign Policy: Principles and Priorities for the Future*, 61.

manage international economic agreements that would allow the nation state to continue to support its cultural industries. As DFAIT noted in the summary of its 1995 white paper, “We will remain vigilant in protecting and promoting the capacity of our important cultural industries to flourish in the global environment.”⁶⁰²

DFAIT’s objective to promote Canada’s global presence with an emphasis on creating an international space for Canadian cultural industries was pursued throughout the late 1990s. Throughout this period, Canadian government perceived a historical shift in foreign politics resulting from globalisation and the “democratization of international relations”, driving a requirement for soft power, or international influence through use of knowledge.⁶⁰³ Within this context, DFAIT perceived the strategic use of information and ideas as fundamental components of national influence, in addition to economic and military power.⁶⁰⁴ As transmitters of such information and ideas, cultural industries were emerging as a primary channel of power in a global world nearing the 21st century.

Accordingly, Minister of Foreign Affairs Lloyd Axworthy outlined Canada’s intention to capitalise on Canada’s existing reputation as “a politically, economically and culturally advanced and sophisticated society.”⁶⁰⁵ Further, Axworthy perceived Canada as “a country with a long-standing internationalist tradition that other countries trust, respect, and look to for leadership.”⁶⁰⁶ This provided a foundation the government would try to leverage as it sought international support for the role of culture in the nation. Thus, the government was clearly stating its intention to utilise its position as a cultural advocate to showcase its ability internationally. Given its reputation as a country with a deep sense of the importance of culture and its position in the world, DFAIT saw Canada as naturally positioned to take this attachment to an international level and to propel Canada onto the world stage once again.

⁶⁰¹ Canada, Department of Foreign Affairs and International Trade, *Government Response to the Recommendations of the Special Joint Committee Reviewing Canadian Foreign Policy*, 76.

⁶⁰² Canada, Department of Foreign Affairs and International Trade, “Canada In the World, Canadian Foreign Policy Review”, Summary.

⁶⁰³ Canada, Department of Foreign Affairs and International Trade, “Notes for an Address by the Honourable Lloyd Axworthy, ‘Foreign Policy in the Information Age’”.

⁶⁰⁴ Canada, Department of Foreign Affairs and International Trade, “Notes for an Address by the Honourable Lloyd Axworthy, ‘Foreign Policy in the Information Age’”.

⁶⁰⁵ Canada, Department of Foreign Affairs and International Trade, “Notes for an Address by the Honourable Lloyd Axworthy, ‘Foreign Policy in the Information Age’”.

⁶⁰⁶ Canada, Department of Foreign Affairs and International Trade, “Notes for an Address by the Honourable Lloyd Axworthy, ‘Foreign Policy in the Information Age’”.

This manoeuvring to gain international respect for domestic cultural policy was presented to the international community as a reminder of the importance of culture both domestically and in terms of the value of cultural diversity on a global level. Speaking at a roundtable discussion on international co-operation in cultural policy in 1998, Axworthy highlighted that in an international context the relevance of domestic culture is enhanced as it promotes core values, diplomacy, and the appreciation and, perhaps more importantly, the acceptance of other cultures. Equally, promotion of national identity abroad through cultural products showcases a nation's richness, diversity and ideology, creating a positive global image of the country and fostering productive relationships. As such, cultural relations were perceived to be an "integral part of the foreign policy tool kit", and were the "third pillar" of Canadian foreign policy.⁶⁰⁷ Further, Axworthy stressed that in a changing world adapting to both technology and globalisation and experiencing shifts in political ideologies, culture is an increasingly relevant aspect of foreign policy. Compelling other countries to subscribe to Canada's ideology by incorporating culture into their key foreign policy objectives, Axworthy stressed to his international audience "in this new situation, a country's intangible assets -- its global image, its culture, its ability to rally others to its cause - are increasingly important levers."⁶⁰⁸

Canada was attempting to regain some of its previous international clout by advocating the relevance of culture to the international community, taking a stance against the United States and promoting the nationally perceived worthy cause of culture. Thus, at a time when Canada was being accused of having "little to say to the world" it appears Canada, in fact, had decided it had quite a lot to contribute.⁶⁰⁹ The split-run dispute offered an opportunity to become more vocal.

7.4.2 Fostering International Support: The International Network on Cultural Policy

It should be a primary objective of Canadian foreign policy to help develop rules-based regimes in areas of concern to Canada. For this purpose we suggest several strategies. One is to "multilateralize" relations with the United States, dealing with our neighbour in multilateral forums wherever possible, and using the latter to blunt US unilateral policies. Another is "directed multilateralism", which involves a multi-track approach (bilateral,

⁶⁰⁷ Canada, Department of Foreign Affairs and International Trade, "Notes for an address by the Honourable Lloyd Axworthy, Minister of Foreign Affairs, at a luncheon on the occasion of a Roundtable on International Co-Operation in Cultural Policy", Ottawa, Ontario, June 30, 1998, http://w01.international.gc.ca/Minpub/Publication.aspx?isRedirect=True&publication_id=375731&Language=E&docnumber=98/48 (accessed May 2, 2007).

⁶⁰⁸ Canada, Department of Foreign Affairs and International Trade, "Notes for an address by the Honourable Lloyd Axworthy, Minister of Foreign Affairs, at a luncheon on the occasion of a Roundtable on International Co-Operation in Cultural Policy", Ottawa, Ontario, June 30, 1998.

⁶⁰⁹ Cohen, *While Canada Slept: How We Lost Our Place in the World*, 155.

regional and multilateral) aimed at improving the effectiveness of key international institutions. Still another is to build bridges across continents, and for this purpose to seek strategic partnerships with key countries in other regions.⁶¹⁰

One of the recommendations of the 1994 Special Joint Committee on Foreign Policy advocated the government seek alliances on cultural trade issues with other countries that shared Canada's agenda to further the protection and promotion of culture.⁶¹¹ The Committee recommended the government focus on ensuring the effectiveness of international institutions which offered the opportunity to forge relationships with like-minded countries within a formal rules-based approach. The Government of Canada agreed it should continue to work with like-minded countries to preserve, promote and protect their national identity and cultural values.⁶¹² However, despite acknowledging the importance of international networking by integrating the promotion of culture abroad into its key foreign policy objectives, the Canadian government did not actively initiate international cultural discussions until the later stages of the split-run magazine dispute.

As the Canadian-American debate over a nation's right to implement protectionist cultural legislation heightened in intensity throughout the 1990's it attracted global attention. By the end of the decade the split-run dispute had come to represent an unprecedented debate on the issue of cultural protection and international trade with high stakes for both the United States and Canada. Christopher Sands, in an article for the Globe and Mail, outlined why the United States was alarmed by Canada's position on magazines.⁶¹³ First, Canada's stance did not comply with the Multilateral Agreement on Investment by restricting foreign investors in the Canadian magazine industry despite access through NAFTA. More importantly, however, the United States had become aware of the watchful eye of Europe and Asia on these issues and of Canada's stance that the MAI could lead to increased American cultural hegemony. Not wanting Canada to set an international precedent, the U.S. Trade Representative deemed it was essential for the United States to act defensively, adding strain to Canada/U.S. relations as Washington felt "an example must be

⁶¹⁰ Canada, Task Force on the Canadian Magazine Industry, *A Question of Balance: Report of the Task Force on the Canadian Magazine Industry*, 2.

⁶¹¹ Canada, Task Force on the Canadian Magazine Industry, *A Question of Balance: Report of the Task Force on the Canadian Magazine Industry*, 70.

⁶¹² Canada, Department of Foreign Affairs and International Trade, *Government Response to the Recommendations of the Special Joint Committee Reviewing Canadian Foreign Policy*, 79.

⁶¹³ Christopher Sands, "Why Washington is Taking Such A Tough Stance on Magazines" *Centre for Strategic and International Studies*, January 26, 1999, (Originally published in *Globe and Mail*, January 25, 1999) <http://www.csis.org/html/op990126.html> (accessed April 14, 2004).

made of Canada if other cultural protectionists around the world are to be deterred.”⁶¹⁴

With mounting tension leading to an American threat of a trade war if Canada implemented Bill C-55, the domestic political consensus reiterated Canada must not concede on split-runs as it represented not only a trade issue, but also the erosion of Canadian sovereignty to American imperialism. Throughout the debates in the House and Standing Committee on Canadian Heritage, Bill C-55 continued to be perceived as Canada’s best line of defence. According to Bloc Quebecois representative Pauline Picard, Bill C-55 acknowledged Canada’s right to protect its culture from an “overly aggressive invader,” as per the cultural exemption in NAFTA.⁶¹⁵ Picard further argued that if Canada did not implement Bill C-55 it would be allowing the United States to dictate Canadian economic and cultural policy to the detriment of Canadian independence.

Meanwhile, others were beginning to vocalise concern on two levels, first, that the international trading system was not being implemented as imagined, and second, that Canada could not resist American pressure on this issue in isolation. First, observers acknowledged Canada’s current trade imbalance and the ability of larger economic powers to manipulate international agreements to their advantage. In response, Professor Wolfe, in his appearance before the Standing Committee on Foreign Affairs and International Trade, recommended development of an oversight committee tasked with conducting a formal review of the effectiveness of the international trade agreements in meeting Canadian trade objectives.⁶¹⁶ More explicitly and consistently, however, observers noted that without international support, Canada’s focus on culture as a foreign policy objective would fail due to insurmountable American pressure on Canada to relinquish its position and further restrict domestic protectionist cultural legislation. For example, solicitors, academics and stakeholders warned the 1999 Standing Committee on Foreign Affairs and International Trade of increasing American trade pressure.⁶¹⁷ These parties supported the advice of the 1994 Special Joint Committee by advocating the

⁶¹⁴ Sands, “Why Washington is Taking Such A Tough Stance on Magazines”

⁶¹⁵ Picard, Canada, Parliament, *Debates of the House of Commons of Canada (Hansard) [electronic resource]*, No. 178, 36th Parliament, 1st Session, February 10, 1999.

⁶¹⁶ Wolfe, Canada, Parliament, House of Commons, Standing Committee on Foreign Affairs and International Trade, *Evidence Standing Committee on Foreign Affairs and International Trade*, 36th Parliament, 1st Session, March 2, 1999.

⁶¹⁷ Including Wolfe, Barlow, Clarke and Herman, Canada, Parliament, House of Commons, Standing Committee on Foreign Affairs and International Trade, *Evidence Standing Committee on Foreign Affairs and International Trade*, 36th Parliament, 1st Session, March 2, 1999.

importance of international relationships to lobby support for the Canadian position and to retain a conservative stance in terms of further international trade negotiations. Specifically, these parties revealed concern about the U.S. maintaining its stance in an attempt to establish international rules for the trade of cultural goods and services which would be damaging to Canada. Rather, testimony from numerous parties advocated by working with countries who shared Canada's perception regarding the importance of culture, Canada could avoid detrimental binding negotiations. Further, at this meeting of the Standing Committee on Foreign Affairs and International Trade experts warned that contesting Canadian magazine policy was only the beginning of an American onslaught on legislation in more lucrative cultural industries. Stakeholders were adamant about the importance and value of garnering support both domestically and internationally:

We have very deep concerns about culture. The Americans have said they're going to renegotiate even the tiny, little, one- or two-line protection for cultural exemptions in the GATT, which is inadequate in any case. They've also said they want to open up intellectual property right law. We're looking at copyright. They're talking about new broadcasting regulations. I want to remind us that broadcasting in the United States is protected, because it's part of national security. It's not considered so in Canada. So where their broadcasting would be protected, ours would not.

These are huge issues potentially coming up at the upcoming millennium round. We are arguing the Canadian government to work with other governments and citizen's groups around the world to assess what has happened to date before launching into a whole new round. We deeply believe it is time to talk to Canadian people and peoples around the world and to examine alternative trade strategies designed to improve the economic, environmental, and social living conditions of people, not only in this country, but around the world.⁶¹⁸

Further, other countries were well aware of the pressure the American government could apply internationally in respect to the trade of cultural goods, and were observing the Canadian response with great interest and latent support. As Peter Clarke, Director of the Polaris Institute, noted in his appearance to the Standing Committee, international support for the Canadian position was evident in Asia, Europe and South America due to concerns that traditional values and relationships were being eroded due to exposure to the "undesirable aspects of American life" transmitted through imported American cultural goods.⁶¹⁹

⁶¹⁸ Barlow, Canada, Parliament, House of Commons, Standing Committee on Foreign Affairs and International Trade, *Evidence Standing Committee on Foreign Affairs and International Trade*, 36th Parliament, 1st Session, March 2, 1999.

In light of this global resistance to American cultural hegemony, stakeholders believed the Americans were using Canada as an example to the world to demonstrate its stance on the international trade of culture and would therefore not compromise its position. In fact, the general opinion was that the United States would not be content with liberalising access to the Canadian periodical sector, but rather intended to liberalise trade on all forms of popular culture on a global scale, using Canada as an example. Maude Barlow presented this theory to the Standing Committee, outlining threats made by the United States Trade Representative:

We know about the magazine dispute, and Charlene Barshefsky is on record as saying that will just be the tip of the iceberg; then its film and copyright and everything else... They have taken the gloves off on culture, because they want to use Canada as an example.... I think this is more because they don't want the door open for other countries.⁶²⁰

Canada's reaffirmation of its stance on the national relevance of culture throughout the split-run dispute only exacerbated the issue, with the United States responding with an unwavering stance against cultural protections and subsidies.

Consequently, it was acknowledged that America believed Canada was setting a "bad example."⁶²¹ Further, the issue of the split-run magazines was indicative of larger issues regarding international cultural policies relating to film, broadcasting and copyright, making it increasingly relevant to international observers.

Due to the perception that the American objective was the liberalisation of cultural trade, Canadians widely believed the United States would resist efforts to initiate international dialogue regarding global trade of culture. Therefore, Canada had to ensure its strategy to broach cultural protection in international discussions was well crafted to mitigate failure. Canada also had to react within the restrictions of its size and dependence on a good relationship with the United States.⁶²² Treating this issue as a bilateral dispute would fail as Canada had already lost on the international front on the magazine issue. The Canadian government was therefore dependent on appealing to other countries' concern surrounding their own cultural policies to

⁶¹⁹ Clarke, Canada, Parliament, House of Commons, Standing Committee on Foreign Affairs and International Trade, *Evidence Standing Committee on Foreign Affairs and International Trade*, 36th Parliament, 1st Session, March 2, 1999.

⁶²⁰ Barlow, Canada, Parliament, House of Commons, Standing Committee on Foreign Affairs and International Trade, *Evidence Standing Committee on Foreign Affairs and International Trade*, 36th Parliament, 1st Session, March 2, 1999.

⁶²¹ Council of Canadians, "Council of Canadians Calls for Canada to Reject Magazine Compromise", news release, April 28 1999, Council of Canadians, <http://www.canadians.org/media/trade/1999/28-Apr-99.html> (accessed 25 Apr. 2007).

⁶²² John Ralston Saul, "Speech to the International Symposium on Cultural Diversity," paper presented at the Symposium on Cultural Diversity, March 9 Paris, 2000. <http://www.gq.ca/media/doc.asp?lang=e&DocID=1358> (accessed June 1, 2007).

garner support for its stance in multilateral agreements preventing further trade negotiations on culture. Consequently, Canada had to act quickly to coordinate with other countries to present a unified front while the American threat was fresh.

The SAGIT's 1999 report proposed a strategic course of action to the Canadian government through the formal initiation of the development of an international alliance to defend national cultural independence.⁶²³ The SAGIT acknowledged that an effective strategy would be to garner international support for its objectives regarding trade. However, the SAGIT also recognised Canada's heavy dependence on effective multilateralism. Within this context, the SAGIT made four key recommendations. First, the SAGIT recommended Canada seek to implement a broadly worded exemption clause encompassing cultural industries in future trade agreements, thereby protecting Canada against future disputes such as the split-run dispute. Second, the SAGIT advised Canada not to make any commitments or accept any obligations in terms of the Canadian cultural sector, effectively excluding it from negotiations. However, the SAGIT recognised that for this to be effective Canada would have to have the support of other countries or face increasing pressure to negotiate on cultural goods and services and to relax its domestic cultural legislation. Consequently, the SAGIT's third recommendation was for the government to initiate the development of a new international instrument on cultural diversity. Such an instrument would allow Canada to play a leading role in determining an international policy on the global trade of cultural goods while ensuring Canada and other countries could "maintain policies that promote their cultural industries."⁶²⁴ The SAGIT proposed this instrument as a "blueprint for cultural diversity and the role of culture in a global world", representing an international consensus of like-minded countries and emphasising the importance and relevance of cultural protection in a globalising context:

The new instrument would identify the measures that would be covered and those that would not, and indicate clearly where trade disciplines would or would not apply. It would also state explicitly when domestic cultural measures would be permitted and not subject to trade retaliation.⁶²⁵

The final recommendation from the 1999 SAGIT Report advised the Canadian government to re-examine its own domestic policies and agree measures to protect

⁶²³ Canada, Cultural Industries Sectoral Advisory Group on International Trade, *New Strategies for Culture and Trade, Canadian Culture in a Global World [electronic resource]*.

⁶²⁴ Canada, Cultural Industries Sectoral Advisory Group on International Trade, *New Strategies for Culture and Trade, Canadian Culture in a Global World [electronic resource]*.

⁶²⁵ Canada, Cultural Industries Sectoral Advisory Group on International Trade, *New Strategies for Culture and Trade, Canadian Culture in a Global World [electronic resource]*.

and promote cultural industries, tailored to each specific industry rather than developing blanket legislation for the sector as a whole. This would ensure a more effective, relevant strategy on the trade affecting each specific cultural industry. Therefore, the SAGIT formally initiated political dialogue on the development not only of special relationships (echoing the 1994 Special Joint Committee's recommendations as well as representing the advice of stakeholders involved in the debate on Canadian culture), but also introduced the concept of developing a new instrument focussed on governing global trade and negotiation of cultural goods.⁶²⁶

Throughout the summer and autumn of 1999, the mounting pressure of the split-run dispute culminating with the American government threatening trade sanctions in response to the proposed Bill C-55 acted as a catalyst for the government to embrace the SAGIT recommendations. The SAGIT recommendations were first echoed in the Report of the Stranding Committee on Foreign Affairs and International Trade in June of 1999, which reiterated the key recommendations by focussing on changes in how the government defended its cultural policy. While the SAGIT advised the government pursue a formal international agreement to protect cultural diversity by developing a new international agreement, the Standing Committee recommended the government to develop closer relationships with like-minded countries and pursue the development of the SAGIT's conceptual international agreement on cultural diversity.⁶²⁷ This objective would also be supported by the Standing Committee's recommendation for Canadian Heritage to pursue this agenda to "ensure continued diversity in cultural expression internationally be placed at the centre of the federal government's foreign policy and international trade agenda."⁶²⁸

These recommendations were unique in that they advocated not only the government develop a new instrument as per the SAGIT recommendations, but also that the DOCH work with DFAIT, suggesting a foreign role for the Minister of Culture in promoting cultural diversity on a global stage. The recommendations indicated DFAIT's acceptance that cultural protection was shifting from being a primarily domestic responsibility to being increasingly relevant internationally.

⁶²⁶ Canada, Cultural Industries Sectoral Advisory Group on International Trade, *New Strategies for Culture and Trade, Canadian Culture in a Global World* [electronic resource].

⁶²⁷ Canada, Parliament, House of Commons, Standing Committee on Foreign Affairs and International Trade, *Canada and the Future of the World Trade Organization: Advancing a Millennium Agenda in the Public Interest: Report of the Standing Committee on Foreign Affairs and International Trade*, 10.

⁶²⁸ Canada, Parliament, House of Commons, Standing Committee on Foreign Affairs and International Trade, *Canada and the Future of the World Trade Organization: Advancing a Millennium Agenda in the Public Interest: Report of the Standing Committee on Foreign Affairs and International Trade*, 10.

The second indication of the acceptance of the SAGIT recommendations came in autumn 1999 when Parliament reconvened. Clearly outlining Canada's position and its strategy in regards to cultural policy, the 1999 Throne Speech was the first indication of the intention for global action as a form of domestic cultural retention as a national priority as opposed to a departmental strategy. The Speech listed foreign policy priorities as the strategic expansion and international promotion of the cultural sector given its high export potential and as using upcoming WTO negotiations to develop a more transparent rules-based global trading system that ensured a level playing field for Canadian companies while respecting Canadians' cultural needs. The speech also outlined as a priority working with other countries to develop an international approach to "support the diversity of cultural expression" around the world.⁶²⁹ This speech is evidence the Canadian government was applying the recommendations of the SAGIT and to develop an international network focussing on cultural diversity at an international level. This acceptance of the SAGIT's and the Joint Committee's recommendations was monumental in that it spanned departments, uniting the DOCH and DFAIT by necessitating the departments work towards the same goal, combining domestic policy interests with foreign policy objectives.

The sentiments of the Throne Speech were reflected in Canadian Heritage's 1999 strategy, in which the DOCH acknowledged its efforts to instigate international discussions on culture with the intention of building multilateral relationships to promote cultural nationalism. Aligning its strategy with the government's mandate, the Standing Committee on Canadian Heritage outlined key elements of a broader political agenda of coordinating and enhancing international cultural activities through promoting Canadian artists abroad, developing foreign markets for Canadian cultural goods and services and building international partnerships. This last note was elaborated as the Committee advocated strengthening bilateral and multinational connections and working with non-governmental organisations to "establish stronger relationships with key international Organisations interested in the promotion and affirmation of cultural diversity."⁶³⁰ The recognition of the SAGIT and DFAIT Standing Committee recommendations was only a continuation of a shift in perspective already initiated by the DOCH.

⁶²⁹ Canada, Governor General, "Building a higher quality of life for all Canadians: speech from the Throne to open the Second Session of the Thirty-sixth Parliament of Canada."

In 1998, the DOCH found that with the exception of sporadic and infrequent international meetings and roundtable discussions chaired by UNESCO focussing on the importance of cultural diversity in a globalising world there was no formal international cultural forum. Consequently, Canada became a global initiator, with Copps inviting ministers of culture from a variety of countries to Ottawa for an open forum on culture. This forum was intended to enable ministers from various countries to openly express concern and identify shared interests regarding the trade of cultural goods and services in a globalising world, leading to a discussion on cultural policy. At this preliminary discussion many countries vocalised concern about the impact on cultural industries in a world governed by international trade liberalisation, expressing an interest in formalising their discussions on culture. Importantly, invitations to this initial gathering of international cultural representatives were to the minister or a formal representative from cultural departments within governments, excluding the United States, which did not have a department of culture.

In 1999 Canada collaborated with Mexico to develop an international forum for culture in which ministers from around the world would be invited to discuss the importance of cultural diversity in the spirit of collaboration. Mexico and Canada shared their dependence on NAFTA and extensive trade with the United States resulting in a common motivation to manage the American position on culture to formally develop a new international body.⁶³¹

Through Canada's initiation in 1997-1998 to open discussions with cultural ministers and the joint effort of Canada and Mexico to continue these discussions, the International Network on Cultural Policy was developed. This network was indicative of Canada's bid to become more vocal and powerful by creating a network of support to counteract the EU and U.S. hegemonic powers in international negotiations. Thus, as Copps outlined in an article in *Canadian Business Economics*, Canada used relationships and networks to steer international policy in a more rewarding direction. Through building partnerships among nations based on idea exchange and shared beliefs Canada could "ensure that the cultural dimension

⁶³⁰ Canada, Canadian Heritage, *Connecting to the Canadian Experience*, 14.

⁶³¹ Canada, Canadian Heritage, "Canada-Mexico Joint Communiqué on the Importance of Cultural Diversity," *News Release*, February 18, 1999, http://www.pch.gc.ca/newsroom/index_e.cfm?fuseaction=displayDocument&DocIDCd=8NR164 (accessed April 25, 2007).

is fully integrated into global trade and commerce.”⁶³² Canada used the forum of the INCP to develop a partnership of ideas and a network of nations representing and actively campaigning for the shared value of cultural goods in international discourse. With enough joint support, the importance of protectionist cultural policy could theoretically be brought to the forefront of international discussion and trade negotiations. Equally, a unified front could prevent American cultural domination by resisting increasing American pressure to negotiate on the international trade of cultural goods in a way that was not possible for a country such as Canada to do on its own.

7.4.3 Developing an International Cultural Instrument

Given the importance of cultural diversity and the increasing pressure to address cultural diversity issues in the context of globalisation, there is a need for a new international instrument that would set the context and define the conditions necessary to fairly and equitably realize the opportunities and benefits of cultural diversity within and among countries.⁶³³

The development of the INCP represented the culmination of SAGIT recommendations, Canadian frustration at its position in the split-run dispute and global awareness that the United States would apply increasing pressure to relinquish protection of cultural sectors. The Canadian ‘disease’ was spreading. International concern about access to a national voice pointed to the absence of a forum to promote cultural understanding and ensure a place for domestic cultural goods in a global context. The development of the INCP aimed to address these issues.

At its conception the INCP acted as forum for a free and open discussion among cultural ministers of member countries. The INCP allowed and encouraged members to present concerns regarding the pressure of globalisation on culture, seek advice from other countries, and promote joint ventures and research projects as per the SAGIT recommendations. The main objectives of the Network were to first identify the scale of the concerns and problems faced by countries in retaining cultural diversity in a globalising world and then to garner international support for cultural protection through partnership. This could be achieved by educating and informing other countries, garnering support for cultural protection. As Sheila Copps

⁶³² Sheila Copps, "Canadian Cultural Policy in a Global Economy," *Canadian Business Economics* 7.3 (1999): 40-43, http://www.cabe.ca/cbe/vol7_3/06coppes.pdf (accessed April 25, 2007), 42.

⁶³³ International Network on Cultural Policy, "Working Groups: International Instrument on Cultural Diversity Reader", International Network on Cultural Policy, http://www.incp-ripc.org/w-group/wg-cdg/reader/index_e.shtml (accessed April 25, 2007).

outlined at the conception of the INCP, the purpose of developing an international forum for culture was:

... to reinforce the recognition of cultural sovereignty in all countries; to reinforce the recognition of cultural diversity in discussions of trade and international investment; to encourage research on the way in which the recognition of cultural identity benefits the well-being of the peoples of the world; to undertake a worldwide communications campaign to support international cultural broadcasting.⁶³⁴

These objectives were simultaneous with the exchange of ideas in a globalising world and therefore did not advocate the restriction of cultural goods or trade. Instead, they supported a perspective of accommodation, understanding and support, reflecting the recommendations of the SAGIT and the 1999 Standing Committee on Foreign Affairs. Representing the Canadian perspective, the mantra of the INCP was that culture must be perceived as a public good, necessitating the promotion of this perspective around the world while recognising that fear of imported culture and competition were ineffective and irrational. As a result, the INCP focussed on finding a balance between international trade and sharing and accommodation of culture while retaining domestic cultural identity and ensuring cultural diversity.

The INCP met annually, holding roundtable discussions, commissioning reports and collecting information on issues raised by its members regarding enforcement of cultural policy and responding to threats to cultural diversity prompted by trade liberalisation. It commissioned research by committees for discussion at annual meetings and offered an ongoing open forum for member countries. Many of the concerning cultural issues identified fell into categories of language, the challenge of liberalised trade as opposed to cultural retention and finding platforms, both domestically and internationally, for cultural expression without being drowned out by mass media conglomerates. As a 2000 INCP report on cultural diversity highlighted:

The challenge expressed by many countries was one of recognising diversity and protecting the interests and rights of minorities – linguistic, cultural and fundamental civil and human rights – while at the same time sustaining a basic level of shared identity, social cohesion and national solidarity in a global environment.⁶³⁵

⁶³⁴ Sheila Copps, "Canadian Cultural Policy in a Global Economy," 42.

⁶³⁵ Greg Baeker, "International Network on Cultural Policy Inventory on Cultural Diversity Challenges and Opportunities", 1.

Further, reflecting recommendations from the SAGIT and the 1999 Standing Committee and meeting objectives set out in the Government's Throne Speech, the Network also promoted partnership among member nations. Specifically, the INCP focused on using partnerships and existing international tools to develop creative ways to solve cultural issues in a globalising world, forging partnerships that would strengthen the role of culture internationally.⁶³⁶

The development of the INCP and its subsequent agenda was closely linked to Canada's agenda, with the INCP Liaison Bureau housed in the DOCH International Affairs branch. Canada became an active member of the contact group of ministers which was composed of nine ministers to provide direction within the INCP and to suggest areas of focus. Further, Canada chaired the Working Group on Cultural Diversity and Globalisation, thereby ensuring directional involvement in the annual meetings, as well as a continuing directional responsibility in the INCP.⁶³⁷ Equally, following the inception of the INCP, Canadian foreign policy focussed on an international platform for cultural trade, emphasising the importance of culture to the nation, differing views regarding its trade and emphasising the requirement for a new international tool or body governing the global trade of cultural goods. As well as instigating the INCP, which acts as an information portal, the Canadian government worked with other member states of the INCP to investigate options regarding the international trade of cultural goods.

Throughout the initial five INCP annual conferences, three focussed on the 1999 Canadian foreign policy initiative of the development of a new international instrument on cultural diversity. The 1998 conference involved the establishment and development of the INCP, as well as focussing on the main issues facing cultural policy in an age of globalisation. Specifically, the 1999 conference focussed on the importance of the promotion and preservation of the INCP. This conference determined the mission of the INCP was to promote the UNESCO concept that

⁶³⁶ International Network on Cultural Policy, "What is the International Network on Cultural Policy?" International Network on Cultural Policy, http://www.incp-ripc.org/about/index_e.shtml (accessed April 25, 2007).

⁶³⁷ Within the INCP there are certain guidelines that must be followed including limiting the meetings to a maximum of 25 cultural ministers, of which all continents must be represented and the contact group is guaranteed an invite. It is up to the host country to invite whoever else they want to bring the total up to 25. Thus, because Canada is on the steering committee and hosts the Liaison Bureau and chairing a Working Group, its attendance is compulsory, whereas some other nations less actively involved must wait for an invitation to sit at the table.

cultural goods should be recognized as distinct and therefore should not be subject to the same treatment as other types of merchandise.⁶³⁸

In October 1999 the Canadian government formally committed a national effort to pursue a New International Instrument on Cultural Diversity, a direct result of the SAGIT report of 1999. Canada initiated consideration of a new concept at the annual meetings of the INCP, establishing the idea and gaining support for the concept through the Network. The INCP soon adopted this commitment to focus on the NIICD, commissioning a report in 2000 from the INCP's Working Group on Cultural Diversity and Globalisation (the working group chaired by Canada), further indicating Canada's direct steering of the INCP. Barbara Motzney, Canadian representative of the INCP, elaborated on the rationale driving the development of the NIICD by highlighting traditional stories are essential to the nation⁶³⁹ While the transmission and distribution of these stories around the world was deemed vital, the maintenance of ownership of a nation's stories and traditions were deemed to be of fundamental importance. The underlying issues surrounding culture were perceived as the same throughout any nation, with reflection of identity of utmost importance. Canada felt the tools to achieve domestic objectives were required internationally, perceiving the INCP as an ideal international forum in which to introduce and lobby for the concept of a new tool.⁶⁴⁰

In 2001, the INCP formally adopted Canada's recommendation to implement a new tool and gave the Working Group on Cultural Diversity and Globalisation a two-year mandate for work on the international instrument. Switzerland investigated the best option of housing a new instrument while representatives from the Canadian government were preparing the international community for a new instrument commensurate with a rules-based approach to the international trade of cultural goods:

Our market for cultural goods and services is already one of the most open in the world, but we must also ensure a Canadian presence on the international stage. In that respect, we need to go beyond Doha.

That's why Canada is championing the development of a "New International Instrument for Cultural Diversity", which aims to lay out clear rules for culture and trade matters for the benefit of

⁶³⁸ International Network on Cultural Policy, Working Group on Cultural Diversity and Globalization, "Discussion Paper for Ministerial Consideration: International Responses to the Challenges Facing Cultural Diversity," (International Network on Cultural Policy, 2000), http://www.incp-ripc.org/meetings/2000/santorini2/consid_e.shtml (accessed April 25, 2007).

⁶³⁹ Barbara Motzney, in informal telephone discussion with the author, January 20, 2002.

⁶⁴⁰ Barbara Motzney, in informal telephone discussion with the author, January 20, 2002.

artists, performers, writers, producers, broadcasters and ultimately, consumers and citizens around the world.⁶⁴¹

In 2002, a draft of the instrument was presented by the Working Group, albeit in a rather abstract form, calling on member states to openly support the development and implementation of a new international tool on cultural diversity. The INCP Special Report on the Governance Issues of an International Instrument on Cultural Diversity represented the formalisation of the 1999 SAGIT recommendation for an international tool of cultural diversity. The INCP echoed the arguments of the SAGIT, calling on nations to work together to formally initiate a new international instrument to govern the trade of culture as the free market was not an effective regulator of cultural goods.⁶⁴²

With international commitment via the INCP, more studies on the implementation of a new cultural instrument followed. The Franco-Quebec sponsored Evaluation of the Legal Feasibility of an IICD by Bernier and Helene recommended the instrument governing the international trade of cultural goods be set around three main objectives.⁶⁴³ First, cultural diversity should be positioned in the context of fundamental rights. Second, the instrument should recognise the right of each state to determine the necessary requirements to ensure the promotion and continuity of cultural diversity within its borders. Third, the instrument should be aimed at protecting national measures such as quotas and restrictions which governed the international trade of cultural goods and services. These recommended objectives reflected the Canadian position. Instead of restricting the trade of culture, they recommended protection of a national cultural voice despite the presence of global cultural trade, thereby reflecting the perspective that the globalisation of cultural trade should encompass and accommodate all culture. Further reflecting the Canadian position, they effectively argued for the domestic right to content restrictions and ownership regulations as a tool for protecting cultural diversity and national identity. Thus, in formalising restrictions under the guise of protecting cultural diversity, Canada could justifiably implement tools such as the Canadian Magazine Fund. Therefore, the second recommendation would allow countries to

⁶⁴¹ Canada, Department of Foreign Affairs and International Trade, "Speaking notes for Ambassador Sergio Marchi at the Canadian Association of Broadcasters Third Annual International Broadcasters Dialogue."

⁶⁴² International Network on Cultural Policy, Special Policy Research Team on the Governance Issues of an International Instrument on Cultural Diversity, "Options and Issues for the Implementation of an Instrument: Depositary, Mechanism and Strategy," (International Network on Cultural Policy, 2002), http://www.incp-ripc.org/meetings/2002/options_e.pdf (accessed April 25, 2007), 26.

⁶⁴³ Ivan Bernier and Ruiz Fabri Helene, "Evaluation of the Legal Feasibility of an International Instrument Governing Cultural Diversity", 27-30.

implement cultural requirements with the intention of protecting their cultural diversity, using measures as described in the third recommendation such as quotas or subsidies, while still allowing "as much access as possible for other cultures."⁶⁴⁴

At the 2002 Annual Ministerial Meeting of the INCP, representatives agreed to advance work on the development of the new instrument, as well as agreeing UNESCO would be the appropriate instrument to house and enforce an international instrument on cultural diversity due to its existing mandate.⁶⁴⁵ For example, the INCP working group acknowledged both the INCP and UNESCO focused on ensuring representation from each continent and promoted cultural development, retention of cultural heritage and cultural protection in an era of global trade. The INCP Working Group on Cultural Diversity and Globalisation further highlighted that UNESCO advocated the international community promote the concept that cultural goods should be differentiated from other forms of merchandise and therefore deserved unique treatment.⁶⁴⁶ Finally, because UNESCO was granted authority to negotiate, implement and enforce international agreements the INCP believed it was uniquely placed to advance an IICD⁶⁴⁷

Although initiated via the INCP, the development of an international instrument housed in UNESCO represented the realisation of the 1999 Canadian Foreign Policy objectives adopted from the SAGIT and Standing Committee's recommendations. The creation of both the INCP and the NIICD by Canada, instigated in response to the split-run dispute, allowed the country to again position itself on a global stage as a nation of ideological leadership. In 2002, Marchi boasted Canada laid the groundwork for the instrument, building recognition for the plight of cultural goods and services in a world governed by trade agreements.⁶⁴⁸ Canada was also leading the international community in cooperating to find a

⁶⁴⁴ Bernier and Helene, "Evaluation of the Legal Feasibility of an International Instrument Governing Cultural Diversity", 28.

⁶⁴⁵ International Network on Cultural Policy, Working Group on Cultural Diversity and Globalization, "Framework for Cooperation Between the International Network on Cultural Policy and UNESCO in Support of an International Instrument on Cultural Diversity," (International Network on Cultural Policy, 2003) http://www.incp-ripc.org/w-group/wg-cdg/paris2003/framework_e.shtml (accessed April 25, 2007).

⁶⁴⁶ International Network on Cultural Policy Working Group on Cultural Diversity and Globalization, "Framework for Cooperation Between the International Network on Cultural Policy and UNESCO in Support of an International Instrument on Cultural Diversity."

⁶⁴⁷ International Network on Cultural Policy Working Group on Cultural Diversity and Globalization, "Framework for Cooperation Between the International Network on Cultural Policy and UNESCO in Support of an International Instrument on Cultural Diversity."

⁶⁴⁸ Canada, Department of Foreign Affairs and International Trade, "Speaking notes for Ambassador Sergio Marchi at the Canadian Association of Broadcasters Third Annual International Broadcasters Dialogue."

solution suitable for a globalising environment. As Marchi explained, Canada was leading the world in finding a solution to culture that was compatible with liberalised trade and the free flow of goods:

In Canada's view, it is absolutely critical for our culture and trade officials to work together with industry and other stakeholders if we are to achieve our goal. Policy coherence is vital if we are to encourage, and ultimately convince, others to adopt our unique and cooperative approach. Above all, we must remain resolute, and not be discouraged by the challenges before us. We should take some comfort that, partly because of Canada's efforts and leadership, there is today a lively international dialogue on cultural diversity, trade and globalisation.⁶⁴⁹

Thus, the development of both the INCP and the IICD were important advances for Canada in terms of both the international cultural debate and redefining Canada on an international stage. They allowed Canada to take a leadership role in international policy development, resulting in maximum exposure to the international community as Canada coordinated an international effort to protect domestic cultural industries in an era of trade liberalisation.

This effort came to fruition in a February 2003 meeting between the INCP and UNESCO, in which the INCP's Working Group on Cultural Diversity formally recommended the IICD be housed within UNESCO, with an anticipated adoption date of the instrument in 2005, coordinated by the Liaison Bureau.⁶⁵⁰ Again, Canada's role was one of leadership, in that Canada housed both the Liaison Bureau and the INCP Working Group on Cultural Diversity and Globalisation, as well as being an active member of UNESCO. Following on the Canadian soft power approach, the INCP also recommended the formation of a "friends of the instrument" group within UNESCO to foster political support for the acceptance of the NIICD.⁶⁵¹

7.5 Conclusion

Canada was one of the first countries to experience the test of its cultural legislation by the United States. Despite the WTO ruling against existing Canadian cultural legislation and the threat of American trade sanctions, Canada maintained its position that cultural independence is inherent to national sovereignty. As the split-

⁶⁴⁹ Canada, Department of Foreign Affairs and International Trade, "Speaking notes for Ambassador Sergio Marchi at the Canadian Association of Broadcasters Third Annual International Broadcasters Dialogue."

⁶⁵⁰ International Network on Cultural Policy, Working Group on Cultural Diversity and Globalization, "Ministerial Meeting of the Working Group on Cultural Diversity and Globalization of the International Network on Cultural Policy (INCP)", *News Release*, February 5 & 6, 2003. http://www.incp-ripc.org/wg-group/wg-cdg/news0206_e.shtml (accessed April 25, 2007).

⁶⁵¹ International Network on Cultural Policy Working Group on Cultural Diversity and Globalization, "Framework for Cooperation Between the International Network on Cultural Policy and UNESCO in Support of an International Instrument on Cultural Diversity."

run dispute intensified, Canada's defence strategy was broadened to include gaining global support for its perspective. Therefore, there is an overt link to cultural nationalism in Canada's redefinition of itself on the international arena. In creating the INCP, Canada was reiterating its power to the world, redefining Canada as an autonomous nation state by differentiating itself from the United States on the basis of cultural nationalism.

The split-run dispute thus offered Canada an opportunity to become a leading middle power in international trade negotiations. Canada was aware its size and diverse population would prevent it from being a hegemonic power. The split-run dispute presented an opportunity for it to become a prominent power through the creation of a global network advocating the protection of cultural industries despite the pressures of globalisation. Acting on the recommendations of the SAGIT, the Special Joint Committee and Steering Committees, Canada was able to turn an international threat to its advantage. In doing so, it restated its role as an international ideological leader. As well as creating a unified front on cultural legislation and negotiation in international agreements, the development of the INCP was a very political move. The development of the INCP was an effective technique to manage the international trade of culture while mitigating risk associated with protective legislation. It allowed Canada to forge partnerships for cultural production, offering access to the domestic market to other countries through partnership by classifying joint productions as Canadian, while guaranteeing Canadian producers and actors exposure to foreign markets through reciprocal labelling. These partnerships also resulted in trade of cultural goods and services, increasing Canadian export of cultural products and continually narrowing the gap between cultural imports and exports in Canada. Thus, through the INCP, Canada was acting on the concept that "the growth of international trade is fundamental if Canadian companies are to compete over the long term."⁶⁵² These partnerships allowed Canada to diversify its cultural trade portfolio, steering trade away from the United States, which has traditionally consumed over 90% of Canada's cultural exports, and reducing Canadian dependence on its neighbour.

However, indicating the political rather than the practical aspect of the INCP, Canadian trade negotiator Anne McCaskill argued that the new International Instrument on Cultural Diversity would be ineffective given WTO membership and

⁶⁵² Statistics Canada, "Market Opportunities: International Trade of Culture Goods and Services," 1.

precedent.⁶⁵³ McCaskill highlighted that the NIICD would be “meaningless” as countries implementing quantitative restrictions within the context of the NIICD would be liable to challenges against those restrictions from objecting countries under existing provisions such as the WTO or NAFTA. Further, McCaskill noted, challenges made by non-signatories to the NIICD would be successful, given its inconsistency with WTO obligations. As McCaskill elaborated, “another international instrument cannot override the rules in the WTO agreement or any other trade agreement unless the country that is the subject or is being affected by those measures agrees to basically make its WTO, its trade rights, subsidiary to the provisions of another international treaty.”⁶⁵⁴

Based on McCaskill's comments, one is drawn to conclude the INCP was politically motivated rather than a realistic quest to implement a new global cultural policy instrument. Regardless of the effectiveness of the new instrument, Canada made the statement it needed to through the development of the INCP, engaging other countries in cultural dialogue while appearing to purposefully exclude the United States. Despite the fact that the WTO would render any agreement or tool implemented by the INCP ineffective, Canada used the tool to effectively reiterate its global stance on culture and to engage other countries in the same perspective. It therefore made it more difficult to negotiate culture within the WTO or any other international trade agreement given the united front of other countries. In developing the INCP, Canada fostered not only international support and dialogue supporting cultural protectionism, but also aimed to demonstrate global leadership and its own independence. Thus in analysing the split-run dispute and the consequent re-evaluation of Canadian cultural policy one can identify a clear political motivation to protect Canadian perspectives and exemplify Canada as an ideological leader in a globalising world in the cultural legislative proposals.

⁶⁵³ Anne McCaskill, (Private consultant to the CMPA and CBP throughout split run dispute), in telephone discussion with the author, August 25, 2004.

⁶⁵⁴ Anne McCaskill, (Private consultant to the CMPA and CBP throughout split run dispute), in telephone discussion with the author, August 25, 2004.

Chapter 8: Questioning Canadian Cultural Protectionism

This chapter evaluates the premise of the government's defence for protectionist policy throughout the split-run dispute. After outlining the interdependency assumed by the Canadian government and publishers between popular culture, national identity and national sovereignty leading up to and intensifying in the split-run dispute, this chapter challenges the premise of the argument on two levels. First, the chapter focuses on the link between popular culture and national identity by examining quantitative studies to determine if Canadian national identity and social behaviour patterns are converging with American identity and behaviour given the prolific amount of U.S. culture in Canada. This work builds on both qualitative studies and more recent statistical studies to determine if the two countries reflect a trend of cultural convergence.⁶⁵⁵ Second, by focussing on the role of Canadian content within the proposed Bill C-55, the bi-lateral agreement and the consequent Canadian Magazine Fund, this chapter investigates if the proposed legislative solution to the split-run dispute protected Canadian culture.

8.1 The Real Impact of Imported Culture on Canadian Identity

Given the correlation between exposure to cultural goods and the promotion and preservation of Canadian identity, it is essential to put the nature of Canadian exposure to foreign media into context by first gaining an understanding of the extent of foreign cultural penetration and then by questioning the consequent effects on Canadian national identity over the long term.

8.1.1 The Degree of Exposure

If we had to rely on American magazines to tell us about Canada, we wouldn't know much about Canada.

-Former Prime Minister Jean Chrétien to Former President Bill Clinton⁶⁵⁶

Admittedly, Canada bears the brunt of the onslaught of American cultural exports; Canada is the largest importer of cultural goods in the world, and certainly the largest importer of American cultural goods. Consequently, Canadians are exposed to American popular culture through every media outlet to a greater extent than any other nation with the effect of often not being exposed to Canadian content.

⁶⁵⁵ For more on qualitative studies, see Lipset, *Continental Divide*; Lipset, *North American Cultures*; Paul Rutherford, "Made In America: The Problem of Mass Culture in Canada," 262.

For more on recent statistical studies, see Adams, *Fire and Ice: The United States, Canada and the Myth of Converging Values*; Grabb and Curtis, *Regions Apart: The Four Societies of Canada and the United State*; EKOS Research Associates Inc., "Part I: Values and Identities in North America," EKOS/PPF Symposium - Rethinking North American Integration.

⁶⁵⁶ Sheila Copps, "Culture and Heritage: Making Room for Canada's Voices", *Media Awareness Network*

As the National Film Board Mandate Review Committee noted in 1996, Canada has fundamental difficulties accessing Canadian cultural material given the fragmented audience and scattered population. As the Committee

The facts speak for themselves. We own radio and television networks, but in English Canada most of the stories available to us are American. We own one of the most elaborate and sophisticated cable systems in the world. But only about 14% of all the fiction it carries in English Canada is Canadian. Almost all our film theatres are foreign owned and about 95% of the films shown in English or in French are foreign. Most of the large film distribution companies operating in Canada are under American control, and they earn 85% of all the revenue from distribution to movie theatres. We have developed a feature film and television production industry, but a good deal of its production is created specifically for the American market, without reflecting Canadian reality.⁶⁵⁷

These concerns reflect the reality of the overwhelming foreign presence throughout the Canadian cultural sector. American publishers dominate bookstores and academic textbook sales, American music dominates Canadian airwaves, and American television and radio stations are readily available to the Canadian viewer or listener. The presence of American films is prolific as foreign ownership of cinemas ensures projection of their 'blockbuster' movies while Canadians often struggle to view domestic productions. Consequently, Canada has maintained a heightened political awareness of the impact of pervasive foreign cultural products and the resulting requirement for national self-reflection through mass media. Thus, according to the Mandate Review Committee, Canada, by its very nature, requires a consciousness developed on a national level, driving the requirement for cultural goods with the ability to shape national opinions and to "inspire the imagination of our children and express their hopes."⁶⁵⁸ Canadian periodicals were widely perceived to be a part of this cultural requirement.

However, despite a strong domestic industry, American magazines have consistently accounted for over 80% of newsstand space and sales within the domestic Canadian market.⁶⁵⁹ According to Statistics Canada, 35% of the Canadian population reads periodicals on a daily basis.⁶⁶⁰ The combination of these statistics

⁶⁵⁷ Canada, National Film Board Mandate Review Committee - CBC, NFB, Telefilm, *Making Our Voices Heard: Canadian Broadcasting and Film for the 21st Century*, 22.

⁶⁵⁸ Canada, National Film Board Mandate Review Committee - CBC, NFB, Telefilm, *Making Our Voices Heard: Canadian Broadcasting and Film for the 21st Century*, 23.

⁶⁵⁹ Canada, Department of Foreign Affairs and International Trade, *Canada - Certain Measures Concerning Periodicals: First Submission*.

⁶⁶⁰ Statistics Canada, "Average Time Spent on Activities, by Sex (1998)," (Statistics Canada, 2005), <http://www40.statcan.ca/01/cst01/famil36a.htm> (accessed April 25, 2007).

illustrates the extent of exposure to foreign periodicals throughout the Canadian population and the impact of foreign penetration in the market.

However, the foreign presence in the periodical sector is not as high as it is for other cultural imports that capture more Canadian leisure time, such as television and film, which account for over 77% of the average Canadian's free time. For example, the extent of American cultural penetration through television is pervasive. The Mandate Review Committee noted with alarm average Canadian child will have watched over 12,000 hours of television by the age of 12, the majority of which will have been American, flagging American culture.⁶⁶¹ In contrast, the average Canadian child of 12 will have only spent approx. 6,000 hours in school.⁶⁶² Canadian children, therefore, are exposed to American television containing American flagging twice as much as they are exposed to Canadian flagging through the formal education system. The impact of this sobering statistic led the National Film Board Mandate Review Committee to conclude "Schools may be educating our children, but for better or worse, it's television that's teaching them."⁶⁶³

This childhood trend continues into adulthood. In 2000, the average Canadian watched an average of 15 hours of foreign programming as opposed to less than 6.5 hours of Canadian programming per week.⁶⁶⁴ According to the Mandate Review Committee, the average Canadian adult spends more time watching television (mainly foreign programming) than they spend on other extracurricular activities combined.⁶⁶⁵ The film industry in Canada further reflected the degree of foreign culture in the Canadian market. In 1998, American films held 85% of the domestic film market whereas Canadian films held a mere 8%.⁶⁶⁶ An Ipsos-Reid poll in 2000 showed 73% of Canadians could not name a Canadian film they'd seen in the past year; yet 60% of Canadians indicated they would see a Canadian film if identifiably Canadian movies were shown in the local theatres.⁶⁶⁷ However, this lack of viewing is largely due to inaccessibility. A Globe and Mail article noted the average Canadian only stands a one in twenty chance of seeing a non-Hollywood production

⁶⁶¹ Canada, National Film Board Mandate Review Committee - CBC, NFB, Telefilm, *Making Our Voices Heard: Canadian Broadcasting and Film for the 21st Century*, 81.

⁶⁶² Peter Kennedy, "Copps Backs CRTC on Specialty Channels," *Globe and Mail* (Canada), May 19 1999.

⁶⁶³ Canada, National Film Board Mandate Review Committee - CBC, NFB, Telefilm, *Making Our Voices Heard: Canadian Broadcasting and Film for the 21st Century*, 60.

⁶⁶⁴ Statistics Canada, "Television Viewing Tables," 2004, <http://www.statcan.ca/english/freepub/87F0006XIE/2006001/data.htm> (accessed January 23, 2006).

⁶⁶⁵ Canada, National Film Board Mandate Review Committee - CBC, NFB, Telefilm, *Making Our Voices Heard: Canadian Broadcasting and Film for the 21st Century*, 68.

⁶⁶⁶ UNESCO, *World Culture Report*, 88.

in Canadian theatres.⁶⁶⁸ This situation is compounded by the Canadian cultural dilemma highlighted by Grant and Wood. If a Canadian cultural product is too 'Canadian' it will not be picked up by a major distributor whereas a more homogenised cultural product will often not get government funding and will have to compete with other products being marketed for mass distribution by foreign distributors within Canada.⁶⁶⁹

Through every form of media, Canadians are increasingly exposed to foreign flaggings, causing great concern regarding the plight of Canadian identity:

The issues facing Canada today – issues of civic understanding, of tolerance and acceptance, of diverse cultural development, of national pride and confidence and of our reputation in the world – are only exacerbated if so many of our entertainment and cultural products are either imported from other countries, or imitate another country's stories and formats for commercial reasons.⁶⁷⁰

Thus, the trend in periodicals is representative of a much larger issue as foreign cultural imports saturate every aspect of Canadian media and popular cultural exposure, facing the same issues as periodicals. Periodicals, largely, are not exported as the content is aimed at the Canadian audience; distribution across a fragmented population further divided by linguistic differences is costly and complicated; and foreign competitors have an established market presence in Canada.

8.1.2 The Effect of Long Term Exposure to Imported Culture on Canadian Identity

Given the extent of American cultural saturation of the Canadian market and Billig's analysis of the potential homogenising effect of imported flagging on the national psyche, one would expect to find little cultural distinction between Canada and the United States. Instead, one would expect Canadian long-term exposure to an inexhaustible stream of American culture to result in significant cultural convergence, with Canadians replicating the cultural trends of America to the point where citizen ideology and behaviour of the two nations are indistinguishable from one another.

⁶⁶⁷ Angus Reid Group, *Canadian Films* (Canada: Angus Reid Group, 2000).

⁶⁶⁸ James Adams, "Missing From Multiplexes Across Canada: Genie Awards Best Picture Nominees - Have You Seen These Movies?," *Globe and Mail* (Canada), February 2, 2002.

⁶⁶⁹ Grant and Wood, *Blockbusters and Trade Wars*, Chapter 1.

⁶⁷⁰ Canada, National Film Board Mandate Review Committee - CBC, NFB, Telefilm, *Making Our Voices Heard: Canadian Broadcasting and Film for the 21st Century*, 24-25.

However, evidence indicates exposure to American cultural goods does not erode Canadian national identity. A study by H.F. Angus from the 1930s cited by Rutherford actually indicated the opposite – that exposure to American culture had only confirmed the differences between the two countries in the minds of Canadians.⁶⁷¹ This has led Rutherford to conclude exposure to American culture actually encourages Canadian cultural discourse.⁶⁷² Further, Lipset contends that despite Canadian cultural dependence on the United States, Canadian and American differences in behavioural patterns and values has remained consistent.⁶⁷³ Throughout his 1989 analysis, Lipset presents a series of surveys and statistical studies undertaken by a number of parties spanning a considerable length of time, and finds behaviour and characteristics consistently reflect differences between Canadian and American populations.⁶⁷⁴ Lipset attributes this lack of convergence to the countries' contrasting derivatives from the American Revolution, which resulted in a more "Class-aware, elitist, law-abiding, statist, collectivity-oriented and particularistic, group-oriented society" in Canada.⁶⁷⁵ Accordingly, Lipset contends Canada focuses on "control of and protection for the society" while the U.S. focuses on individual rights.⁶⁷⁶ Consequently, despite exposure to American culture, Lipset presents a compelling argument for the survival of the Canadian nation based on ideological differences, agreeing with Frye that culture founded on a revolutionary tradition, as in the U.S., is different from that not derived from a revolutionary tradition.⁶⁷⁷ Further, the differences between the two nations are reflected in, and reinforced by, literature, religious traditions, legal traditions, political and legal institutions and socio-economic structures in each country.

The subsequent analysis is meant to continue to arguments that the fear of American cultural imperialism in Canada is unfounded.⁶⁷⁸ The analysis that follows is based on a comparative analysis of the Canadian and American results of the World Values Surveys (Appendix E) for a period spanning 20 years (1981 – 2001) to determine if there was evidence of convergence on fundamental cultural aspects of the nations leading up to and throughout the split-run dispute. The results of this

⁶⁷¹ Rutherford, "Made In America: The Problem of Mass Culture in Canada," 270.

⁶⁷² See, for example, Rutherford, *The Making of the Canadian Media*, 172; Rutherford, "Made In America: The Problem of Mass Culture in Canada," 262-263.

⁶⁷³ Lipset, *North American Cultures*, 32.

⁶⁷⁴ Lipset, *Continental Divide*.

⁶⁷⁵ Lipset, *North American Cultures*, 1-2.

⁶⁷⁶ Lipset, *Continental Divide*, 13-14.

⁶⁷⁷ Lipset, *Continental Divide*, 7.

⁶⁷⁸ See, for example, Rutherford, *The Making of the Canadian Media*, 172; Rutherford, "Made In America: The Problem of Mass Culture in Canada"; Lipset, *Continental Divide*; Lipset, *North American Cultures*; Globberman, *Culture, Governments and Markets*, 15.

analysis are also compared to recent statistical analysis and publications by Michael Adams (2003) and Grabb and Curtis (2005), as well as research by EKOS (2002), and EKOS researchers Graves, Dugas, & Beauchamp (1999), each of which details Canadian and American lifestyle survey results for roughly the same period.

The World Values Survey and the recent statistical studies noted above examine areas such as family values, individual values and attitudes towards employment, self-fulfilment and tolerance, providing a twenty year window of insight into the general perspectives, perceptions and values of the citizenry, each of which arguably act as a barometer of national identity within the two countries. Although some of the areas investigated may initially appear irrelevant to this study, each area assessed is an element of the cultural composition of each country, whether it is an analysis of a more abstract value, such as the perception of happiness, or an analysis of a specific cultural trend, such as car preference or obesity rates. Canada and the United States have a close relationship, similar national history, lifestyles, education and economic status. The average Canadian has easy access to the same stores, restaurant and food options, and greater exposure to popular American media than to Canadian media. If the fears of the Canadian government and stakeholders were valid and exposure to foreign cultural flaggings resulted in cultural convergence, one would expect to see Canadian ideological and behavioural habits reflecting those of the United States, undermining national identity.

8.1.2.1 World Value Survey Data

Contrary to Canadian political conjecture, the WVS results (See Appendix E) do not indicate a pattern of cultural convergence, but rather demonstrate a consistent level of difference with increased divergence in the latter WVS survey. The areas of the WVS results with little significant statistical difference between them tend to remain consistent over time, and are not surprising given the historical similarities of the two nations.

Focussing on the WVS analysis, a number of distinctions arise between the two countries. On general feelings of importance attached to friends, family and work, Canadians and Americans have and continue to give similar responses. Although there is little difference in the perceived state of health in the long-term analysis of the two populations, in terms of happiness, Canadians tend to differ from Americans in that they generally rank as being happier. Throughout the three surveys,

Canadians have consistently been more satisfied with their life than Americans are, and are much more satisfied with their financial situation despite both populations' overall financial satisfaction decreasing throughout the time span of the surveys.

The two groups are very similar in their perception of the trustworthiness of others, yet in areas of tolerance, the differences are extremely interesting. Given the extent of Canadian exposure to American media, specifically American popular dramas and the news, one would expect to see an impact on Canadian perceptions and stereotypes if the DOCH's arguments regarding cultural exposure are true. However, when asked to identify social groups one would prefer not have as neighbours, Canadians were much more accepting of people with a criminal record, neighbours of a different ethnic background, heavy drinkers or people with substance abuse problems, people with emotional issues, different religions, such as Muslim or Jewish people, immigrants, people with AIDS, and homosexuals. In fact, Canadians were more accepting of each group mentioned in the surveys; for example, in every survey Canadians were significantly more accepting of homosexuality than were Americans, with a notable shift towards higher levels of acceptance over the course of the surveys. This is not to say, however, that the levels of acceptance towards each of the social groups mentioned did not vary, but that in each sector, Canadians were significantly more accepting than their American counterparts were. This is an interesting finding, as it indicates that much of the stereotypical typecasting of minorities in American media is not accepted by the Canadian audience and that, therefore, Canadian ideological perspectives are not mirroring the representation of these minorities in widespread popular imported culture. Further, this points to the strength of the Canadian 'vertical mosaic' and the continuity of Canadian multiculturalism as opposed to the American 'melting pot'.

In terms of family values, specifically relating to parenting, there is a degree of convergence in terms of perspectives regarding a child's duty to respect their parents as opposed to the view that parents should earn the respect of their children, with a decided shift to the latter in both countries. There has also been convergence in the perspective that parents should teach their children independence, yet this convergence is also indicative of a shift in views in both countries throughout the surveys. The same is also true of views regarding children learning tolerance and fostering a child's imagination; yet with the trend regarding attitudes towards tolerance, it is important to note convergence in this case is indicative of Americans adopting the Canadian perspective rather than the other

way around. In terms of teaching children thrift and savings, determination, religious faith and unselfishness, there is a marked difference between Canadian and American perspectives, but Canadians and Americans are not statistically different in their perspectives regarding teaching children obedience. The opinions of the populations differ markedly throughout the survey results, however, in perceptions of traditional family values and parent involvement, with Canadians firmly supporting a two-parent family and Americans being consistently more supportive of single parent families being able to provide a happy setting for a child. However, Canadians are consistently more supportive of a woman's choice to have a child out of wedlock than Americans are, but are also more likely to perceive marriage as an outdated institution than their southern neighbours are. Throughout the twenty years of the surveys, Canadians have consistently been more approving of abortion and more liberal minded regarding attitudes towards divorce. Attitudes regarding abortion in both Canada and America have become increasingly liberal, although in the early 80's Canadians had a higher acceptance level that jumped in the early 1990's and retracted slightly in the late 1990's while the American level of acceptance grew to become parallel to the Canadian perspective by the 1999 survey. The trend is rather similar regarding divorce, as throughout the surveys Canadians have consistently been accepting of divorce with a significant statistical difference in attitude from Americans. Americans, however, show a marked change in perspective in the last survey with responses reflecting the Canadian level of acceptance. Despite these increasing levels of acceptance towards different family choices, both populations continue to prefer the traditional family model, but outlooks towards a woman's place in that model are changing. Both populations agree a working mother can establish a warm and loving relationship with her child as a stay at home mom, but Canadians have changed their perspective in the last twenty years to show more support for a dual income family than Americans have. Canadians also indicate a changing perception on the happiness of the housewife while Americans remain stable in their perception of the fulfilment of a housewife. Throughout the surveys, there has been convergence on the perception of more emphasis on family life as a good thing, indicating that both Canadians and Americans continue to value the traditional family model above all.

Regarding volunteer or charity work, there is little difference between Canadians and Americans in areas of elderly care and labour unions, while in other areas there are marked differences. Americans are much more likely to belong to church or religious Organisations, are much more inclined to participate in cultural activities

(despite the efforts of the DOCH to motivate Canadians), are more involved in political parties and community politics, and just seem to be more involved in community Organisations in general. Americans are more involved in youth Organisations, professional Organisations, peace movements, women's movements, health Organisations, and human rights groups, although Canadians are becoming more inclined to participate in the latter. Americans are also more inclined to do volunteer work for these Organisations as they are more inclined to join them in the first place than are Canadians. Carrying on this trend of social involvement, there has been a distinct shift in American attitudes towards participation in organised forms of political action, including boycotts, peaceful occupations and demonstrations, and joining unofficial strikes, whereas the Canadian stance has remained relatively unchanged throughout the surveys. Canadians are slightly to the left of Americans on a political scale, and have remained in such a position throughout the surveys. Unsurprisingly, based on the lower level of importance attached to federal politics in Canada throughout this period, the countries also differ on the frequency of participating in political discussions.

In terms of job satisfaction, it is more important to Americans not to have a high-pressure, secure job respected by their peers with good hours, good holidays, uses one's skills and meets one's abilities, provides a sense of achievement and responsibility, and is interesting. The scores for these criteria ranged quite significantly throughout the time span of the survey. Canadians and Americans showed no significant variation in certain criteria such as wanting a job that provides a sense of achievement and uses one's skills in the early 1990's. However, American scores changed quite considerably throughout the range of the surveys while the Canadian scores of value attached to each criterion remained static throughout the thirty years of the surveys. On questions relating to meritocracy, however, Americans have consistently chosen to reward an employee on performance while Canadians have become more focussed on personal performance over time, but are still lagging behind the Americans. However, one interesting point is that throughout the three surveys, Canadians were more likely to question authority and were more inclined to follow their superiors' instructions only if they agreed with the instructions themselves, while Americans were consistently more inclined to follow instructions than to question them. Equally, Americans were consistently more supportive of hierarchical decision making while Canadians were more supportive of participatory management styles. These findings point to clear

differentiation between the populations' perceptions and acceptance of legitimacy of the state, further indicating exposure to foreign culture does not undermine national identity.

However, regarding general feelings on the importance attached to politics and religion, there is a long-term significant difference, with Americans attaching more importance to both politics and religion than do Canadians. This is an interesting finding given the two countries initially had similar religious affiliations and religion is frequently flagged in the American culture available in Canada. The findings revealed Canadians tend to question authority not only in the work place, but on a personal level. For example, Canadians have consistently been significantly more supportive of euthanasia than Americans (although both countries show an increased acceptance of the concept), indicating again a Canadian focus on personal moral consideration rather than submission to hierarchical decision making. Canadians also are much less supportive of the notion of fighting for one's country than the Americans are. Canadians are more inclined to see a greater respect for authority as a bad thing, while Americans are more supportive of increased respect for authority. Both Americans and Canadians are supportive of increasing individual influence on major political decisions, but in the last survey, Americans were shifting away from making individual influence a priority in favour of fighting rising prices. Americans have greater confidence in the government, the armed forces, the church, labour unions and civil services than Canadians do while Canadians have greater confidence in the police. Yet, it must be noted that in the last survey Americans' confidence in government had come to reflect Canada's scepticism with no significant difference between the two populations. While Americans feel freer than do Canadians, both countries are sceptical of major companies, with no significant difference in the level of confidence attached to corporations. The same is the case for NATO, with Canadians and Americans both reflecting some degree of scepticism in the Organisation.

Finally, in terms of environmental protection, there is no significant difference between the populations in willingness to donate part of their incomes between the two populations for environmental causes. However, between the poll in 1991 and 1999, Canadians took a firmer stance against an increase in tax for environmental protection and became more focussed on political involvement in reducing environmental pollution. Americans followed these trends, but not to the same extent.

8.1.2.2 Michael Adams - Fire and Ice

Environics founder and researcher Michael Adams, supports these findings from the WVS survey data, further indicating that Canada and America are not converging. Adams, who has been studying trends between Canadians and Americans for over thirty years, highlights a number of cultural divergences between Canada and the United States ideologically, culturally and in the practical application of lifestyle choice – and concludes these differences are becoming more prevalent over time. Adams notes that Canadians of all demographics consistently demonstrate similar characteristics which are separate and distinct from the average American, and only really compare to the “most progressive social values segment in America.”⁶⁷⁹ Adams comments on this “remarkable” finding “for a people who are often said to be Americans in everything but name.”⁶⁸⁰

Further, Adams highlights the findings relating to the youth component of the population in both countries. Adams concludes that Canadian youth are not only travelling a “parallel path” with American youth at a slower pace, but they are also travelling the path in a different context:

Canadian youth are more “American” than their parents and grandparents, but they remain vastly less American than Americans. Credit the fact that while their consciousness may be overwhelmingly dominated by American popular culture, they live in Canada.⁶⁸¹

Further, despite the overwhelming exposure to American culture, Canadians are increasingly more liberal, conscious of the world around them and focus on progressive policy and lifestyle choices, while Americans are becoming increasingly insular in their opinions, perspectives and desires.⁶⁸² Despite similar populations heavily reliant on immigrants, seemingly common values, languages and similar lifestyles, Canadians and Americans are statistically different on just about every variable measured by the Environics study, each of which is arguably a component of national identity. These findings cause one to question the time and effort in Canada spent protecting cultural diversity in the face of the world’s cultural hegemon.

⁶⁷⁹ Adams, *Fire and Ice*, 75.

⁶⁸⁰ Adams, *Fire and Ice*, 75.

⁶⁸¹ Adams, *Fire and Ice*, 92.

⁶⁸² Adams, *Fire and Ice*, Chapter 1.

8.1.2.3 EKOS Research Association

The findings of the WVS analysis that Canada and the United States, although similar in many ways, are ideologically fundamentally different is also supported by research by the EKOS Research Association.

Research conducted in 2002 showed Canadian values were substantially different from American values.⁶⁸³ Although both populations ranked freedom as the most important value or goal shaping the society, Canadians ranked a healthy population, a clean environment and respect as main priorities while Americans focused on family values, integrity, ethics and security as the main criteria they wanted to shape American society. The study also revealed continuing divergence in political ideologies, with Americans showing a stronger affiliation to a conservative ideology than Canadians do. This ideological difference was substantiated by the response to the question "What does being a Canadian/American mean to you?" Canadians' primary response (64%) was "Leaving a healthy environment for future generations" while the top American response (73%) was "Having the opportunity to pursue a good life". Further, the continuing differences between Canadian and American political ideologies is reflected in the continuity of strong Canadian support for public health care while Americans continue to be wary of political involvement in private lives, therefore supporting private health care.

Other research by EKOS also reveals that Canadians have a strong affiliation towards Canada, a concept that for years has been misperceived as stronger ties to ethnic communities or provincial identities. The only area where a sense of belonging was stronger than to Canada as a nation was to the family.⁶⁸⁴ Despite years of political concern regarding the lack of a Canadian national identity, EKOS research shows Canadians consistently have a stronger sense of national than provincial or regional affiliation.⁶⁸⁵ Further, the number of Canadians who relate their identity primarily to a city or locality substantially decreased from 1980 to 1998, while the sense of belonging on a national level has substantially increased.⁶⁸⁶ As for Canadian culture, 83% of Canadians feel Canadian culture is something to take

⁶⁸³ EKOS Research Associates Inc., "Part I: Values and Identities in North America," EKOS/PPF Symposium - Rethinking North American Integration.

⁶⁸⁴ Frank Graves, Tim Dugas, and Patrick Beauchamp, "Identity and National Attachments in Contemporary Canada," in *Canada: The State of the Federation 1998/99: How Canadians Connect*, ed. Harvey Lazar and Tom McIntosh (Kingston: Queen's Institute of Intergovernmental Relations, 1999) 307-56," Exhibit 2.1.

⁶⁸⁵ Graves, Dugas, and Beauchamp, "Identity and National Attachments in Contemporary Canada, Exhibit 2.3.

⁶⁸⁶ Graves, Dugas, and Beauchamp, "Identity and National Attachments in Contemporary Canada, Exhibit 2.4.

pride in, 76% perceive a unique Canadian culture and a majority of Canadians agree that diversity is an important aspect to Canadian national identity.⁶⁸⁷

8.1.2.4 Curtis and Grabb: Regions Apart?

Grabb and Curtis research further substantiate the findings of the WVS survey data. In their 2004 publication Regions Apart: The Four Societies of Canada and the United States, Grabb and Curtis point to historical similarities between Canada and the United States, claiming commonalities in national development and historical development account for many of the similarities between the two countries. Thus, Grabb and Curtis claim Canada is not diverging from the United States but rather is holding a constant position of similarity without full convergence. Grabb and Curtis' analysis, based on WVS data from the early 1990s, further illustrates cultural convergence is simply not occurring, indicating overwhelming American cultural proliferation is not altering fundamental Canadian perspectives to realign them with those of the United States.

According Grabb and Curtis, Canadians consistently differ from Americans on core values including religious, family and sexual values. Grabb and Curtis found that for all eight value-based measures, Canadians have more liberal and accepting attitudes than do Americans, concluding that although the differences are relatively small, they are all statistically significant.⁶⁸⁸ Research in this area indicates Americans have historically been linked to a more conservative Protestantism that has not affected or attracted Canadians to the same degree, resulting in a more conservative moral perspective in the United States.

Grabb and Curtis draw similar conclusions in other areas of social comparison between Canada and the United States. For example, although both countries are relatively individualist in their perspectives, the United States tends to be more so:

Americans are somewhat more likely than Canadians to believe: that individuals should take more responsibility to provide for themselves rather than rely on state assistance; that hard work leads to success; that private business ownership should be increased rather than government business ownership; and that a person' wealth can only grow at the expense of others, as opposed to accumulating in a way that provides for everyone (2005: 182).

Despite these findings, however, Grabb and Curtis are quick to note that in their opinion the survey results do not point to the anticipated larger social differences

⁶⁸⁷ Graves, Dugas, and Beauchamp, "Identity and National Attachments in Contemporary Canada, Exhibit 4.1;

⁶⁸⁸ Grabb and Curtis, *Regions Apart*, 146-147.

most would associate with a Canadian collectivist opinion as opposed to an American radical individual opinion – the differences between English-speaking Canadians and the Northern United States are often nominal.

However, it is important to note that although the findings of the survey did not reveal significant social divergence, they did not reveal a trend indicating convergence of social perspectives either. Rather, Grabb and Curtis found Americans remain more focussed on individualism while Canadians continue to reflect a higher degree of collectivism.⁶⁸⁹ Although both countries have become more progressive in the past twenty-five years, Canada has consistently been more accepting and socially progressive.⁶⁹⁰ Specifically, Canadian tolerance of minority groups and attitudes towards social inclusion versus American attitudes towards such social groups leads Grabb and Curtis to “disagree with the assertion that there are no meaningful differences between Canada and the United States...”⁶⁹¹

Further, even when comparing the two areas they Grabb and Curtis identify as most similar (English speaking Canada and the northern U.S.), there are still substantial differences using the statistics provided in Grabb and Curtis’s analysis. The American north is generally more religious, more conservative, less accepting of ‘white collar’ crimes, more oriented towards individualism as opposed to collectivism and less accepting of minorities than English speaking Canadians are. Americans living in the northern regions were more trusting of and had more confidence in their politicians, had higher levels of national pride and were less trusting of their fellow citizens. In fact, English-speaking Canadians and northern Americans were really only similar in areas of national values that should be imposed on children, levels of individual assertiveness, attitudes about change, political involvement and civil dissent.⁶⁹²

8.1.2.5 Summary of Quantitative Data

In investigating empirical evidence referring to values and long-term cultural trends in Canada and the United States, it is apparent that the consistent pattern identified throughout the various data is that the values, lifestyle and identifiers of national identity continue to remain different and unique to each country. Through the statistical analysis above, there is no evidence supporting the theory that the extent

⁶⁸⁹ Grabb and Curtis, *Regions Apart*, 184-185.

⁶⁹⁰ Grabb and Curtis, *Regions Apart*, 207.

⁶⁹¹ Grabb and Curtis, *Regions Apart*, 215.

⁶⁹² Grabb and Curtis, *Regions Apart*, Part III.

of Canadian exposure to American culture undermines Canadian identity, national unity, legitimacy or continuity in these studies.

However, despite this lack of evidence supporting the Canadian government's linking of culture to national identity and continuity, one must wonder if this lack of convergence is actually due to its long standing protectionist cultural policy. Is lack of cultural convergence due to Canada's implementation of cultural policy? Although it could be argued that Canadian cultural policy is sustaining Canadian identity, reiterating Canadian values and offering a platform for the voice of Canadians, thereby retaining a unique Canadian identity. However, it seems difficult to attribute this continued Canadian ideological independence to popular culture in the form of magazines offering pointers on decorating, fashion or automobiles which, on the surface, are little different from their American counterparts and are just as motivated by high volume sales and generic content as their foreign competition. Further, looking at the traditional statistics of foreign cultural penetration in Canada outlined earlier in the chapter, it is obvious that despite Canadian cultural policy the Canadian market is saturated with foreign media yet convergence is simply not evident.

8.2 Protecting Canadian Content

Foreign publishers who want to sell advertising space to Canadian advertisers do not invest in the forms of expression that we call our own; they do not even invest in Canadian forms of expression. The purpose of Bill C-55 is to ensure that Canadians will benefit from a wide variety of high-quality Canadian stories. This bill is about a question of choices, about ensuring Canadian choices in the broad availability of magazine material... Bill C-55 ensures that Canadian advertising services revenues flow to Canadian publishers so they can continue to produce quality publications like these, publications that reflect the lives of Canadians and speak to the needs, aspirations, idea and sense of community of our country.⁶⁹³

The second aspect of the Canadian defence for protectionist cultural policy in the split-run magazine dispute was the argument that Canadian cultural products provide Canadian content to a domestic audience. Continuing the DOCH's argument that long-term exposure to foreign media would undermine Canadian national identity, the government defended its protectionist legislation on the basis that periodicals provided a national experience. However, it is crucial to question if ensuring the citizenry experienced this 'national' experience was the underlying

⁶⁹³ Copps, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 17, 1998.

objective of the legislative solutions resulting from the split-run dispute given Bill C-55 did not stipulate a content requirement.

In his appearance before the Standing Committee on Canadian Heritage to discuss the proposed Bill C-55, John Thomson focused on the contribution of periodicals in fostering Canadian national identity.⁶⁹⁴ Thomson argued Canadians must retain their own magazine industry which taught and informed Canadians about Canada. Thompson therefore advocated continued protection for Canadian magazines as American publications treated Canada as an extension of its American market. However, although Thomson intended to support the proposed Bill C-55, his argument actually alluded to a deeper, problematic issue within Canadian periodical policy. Specifically, the legislation would continue to restrict split-runs that had the potential to offer specialty Canadian content to the Canadian audience not provided by domestic publishers, such as *Sports Illustrated Canada*. Equally, the legislation would support production of Canadian-owned periodicals that did not mention or reflect Canada in any manner. This led Russell from Time Canada to question the true intentions of the DOCH's defence of Canadian content for Canadians in his appearance before the Standing Senate Committee on Transport Communications. Putting his argument into the context of the government's defence of the Bill, Russell argued:

The government and the minister made much of the fact that Bill C-55 is designed to promote Canadian content and to support culture. Asserting that advertising revenues are the backbone of Canadian magazines, they claim Bill C-55 will give Canadians "a chance to hear our own stories, to see our own creators, to watch our own talent, and to hear our own voices at home and abroad." These are laudable aims and we do not deny them, but we have already noted that in at least one specific case, that of sports, no magazine publisher other than ourselves as the publisher of *Sports Illustrated Canada* between 1993 and 1995 felt the need to tell those stories, even now, which hardly points to a need for escalated protection.⁶⁹⁵

Indeed if the true motivation of the DOCH was, in fact, to ensure the broadest Canadian access to Canadian material, it seems contradictory to restrict publishers offering Canadian content.

⁶⁹⁴ Thompson, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 19, 1998

⁶⁹⁵ Russell, Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications [electronic resource]*, 36th Parliament, 1st Session, no. 26, April 29, 1999, (Ottawa : Parliament of Canada, 1999), http://www.parl.gc.ca/36/1/parlbus/commbus/senate/Com-e/tran-e/26cv-e.htm?Language=E&Parl=36&Ses=1&comm_id=19 (accessed May 3, 2007).

Readers Digest Canada representatives further highlighted the discrepancy in content requirements in favour of ownership requirements in their appearance before the Standing Committee on Canadian Heritage. In doing so, they stressed the Income Tax Act and the proposed Bill C-55 both required minimum 75% Canadian ownership for a magazine to be deemed Canadian.⁶⁹⁶ Although this legislation was meant to protect both Canadian voices and access to domestic content, it did not stipulate any *content* requirements. Consequently, opposition MP Lowther questioned the content for a periodical that qualified as Canadian under both the existing and proposed legislation in the Standing Committee on Canadian Heritage.⁶⁹⁷ Lowther highlighted a Canadian magazine could be providing eighty percent or more content reflecting another nation but could still qualify as a Canadian periodical based on a 'technical requirement' that did not affect content. This led Lowther to question the stated objective of the proposed legislation: "I'm talking about the effectiveness of this bill to deliver to the minister the Canadian stories for her 11-year-old. I think we're missing the mark by a mile..."⁶⁹⁸ Further, *Reader's Digest Canada's* council Lalonde noted he was under the impression the Canadian government was assuming Canadian periodical owners would be inclined to write about Canadian topics when in fact they were not required to do so.⁶⁹⁹ In response, both the Canadian government and the major Canadian publishers justified the absence of content requirements in the proposed legislation by pointing to the fact that Canadians, naturally, write about Canadian events for the Canadian audience.

This argument resurfaced in the debates of the Standing Senate Committee on Transport Communications regarding Bill C-55 where doubts surfaced regarding the true national value of Canadian publications. Senator Lynch Staunton highlighted the flaw in the proposed Bill, arguing the legislation did not actually require Canadian publishers to produce Canadian content.⁷⁰⁰ In fact, Staunton argued, the

⁶⁹⁶ Lalonde, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 18, 1998.

⁶⁹⁷ Lowther, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 18, 1998.

⁶⁹⁸ Lowther, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 18, 1998.

⁶⁹⁹ Lalonde, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 18, 1998.

⁷⁰⁰ Stanton, Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications [electronic resource]*, 36th Parliament, 1st Session, no. 23, April 20, 1999, (Ottawa : Parliament of Canada, 1999),

legislation did not stipulate a Canadian content requirement, allowing a 'Canadian' magazine such as *Canadian Geographic* to have an entire issue of non-Canadian topics yet still qualify for protection, while a foreign periodical could offer primarily Canadian content but continue to be restricted from the Canadian advertising market. Senator Lynch Staunton further summarised his perspective by arguing "Canadian culture and Canadian identity are not necessarily part of Canadian content."⁷⁰¹ Thus, through the Senator's own conclusion, Canadian magazines did not, by their mere existence, fulfil the nationalist role attributed to them. Canadian periodicals did not, by definition, create or add to Canadian culture and therefore could not be attributed with sustaining Canadian identity. In his appearance before the Senate Committee, Dennis Browne highlighted the Bill did not so much as mention Canadian content. Instead, he contended Bill C-55 had "absolutely nothing to do with Canadian content", but instead had "everything to do with Canadian ownership and the protection of Canadian business interests".⁷⁰²

However, Terry Malden provided further detail on the provision of Canadian content in Canadian publications in his appearance before the Standing Committee on Canadian Heritage which shifted away from national benevolence and focused on the financial side of the magazine industry. Malden stated: "We may care about it as Canadians, as we all do, but from a business perspective, we're producing Canadian content not out of altruism but because it happens to be the best business model for us as Canadian publishers."⁷⁰³ Malden further elaborated this point in his appearance before the Standing Senate Committee on Transport and Communication, in its deliberation of Bill C-55. Malden pointed to the fact that to qualify for tax-deductions under section 19 of the Income Tax Act on advertising revenue, Canadian publications were required to include 80 per cent original content.⁷⁰⁴ Malden further contended that Canadian publishers leveraged Canadian content to gain competitive advantage against foreign competition. The DOCH agreed Canadian publishers produced Canadian content aimed at the Canadian

http://www.parl.gc.ca/36/1/parlbus/commbus/senate/Com-e/tran-e/23cv-e.htm?Language=E&Parl=36&Ses=1&comm_id=19 (accessed May 3, 2007).

⁷⁰¹ Stanton, Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications [electronic resource]*, 36th Parliament, 1st Session, no. 23, April 20.

⁷⁰² Brown, Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications [electronic resource]*, 36th Parliament, 1st Session, no. 24, April 22, 1999.

⁷⁰³ Malden, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 19, 1998.

audience whereas foreign publishers did not. Further, the DOCH voiced concern that if legislation allowed American publishers to acquire disproportionate amounts of Canadian advertising through discounted rates, Canadian periodicals would become financially unsustainable. Consequently, they would be unable to publish titles reflecting Canadian perspectives, resulting in the loss of Canadian Heritage.⁷⁰⁵

However, one could also argue that if there were a good business model for catering to the Canadian market by offering Canadian content, foreign publishers would respond to market demand. However, if there was not a good business case for offering Canadian content, Canadian publishers would have to be subsidised.

Either there was a business case for domestic content or there wasn't.

The advertisers also questioned the motivation to restrict American access to Canadian advertisements, which, to some degree, reflect a Canadian lifestyle to Canadians.⁷⁰⁶ In restricting Canadian advertisers access to American publications or split-runs, Canadian culture was not being reflected through those advertisements to the Canadian audience. The government was essentially restricting Canadian access to Canadian culture and messages to Canadian periodicals rather than aiming for the highest Canadian exposure to Canadian representations as the DOCH claimed to aim to do.

However, further analysis only raises additional questions regarding the perceived importance of protecting Canadian content in Canadian periodicals and the motivations driving Bill C-55. For example, in July 1997 an internal Canadian Heritage memo noted one of the alternative measures being considered to ensure the continuity of a sustainable Canadian publishing industry was revision to Section 19 of the Income Tax Act to allow publishers "more latitude"⁷⁰⁷ Section 19 imposed high levels of Canadian content and ownership on Canadian publishers. Based on consideration of this scenario it becomes evident that the main concern of the government was not the preservation of the Canadian cultural voice in Canadian

⁷⁰⁴ Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications [electronic resource]*, 36th Parliament, 1st Session, no. 23, April 20, 1999.

⁷⁰⁵ Cops, Malden, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 17, 1998.

⁷⁰⁶ Lund, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 24, 1998.

periodicals, but rather to support the periodical industry's preferences. If delivering Canadian content to Canadian readers was truly held to be of paramount importance to the government as the DOCH and publishers claimed it was, reducing Canadian content would presumably be counterproductive. Further corroboration on reducing Canadian content requirements is revealed in a DOCH email which noted the issue of reducing Canadian content requirements to 60% was suggested in meetings with publisher representative Anne McCaskill, as was the concept of 'non-editorial' portions of magazines which would not be required to be Canadian.⁷⁰⁸

Despite reaching a bilateral agreement on split-runs, the debate on content continued, however, the government moved to introduce the Canada Magazine Fund, providing subsidies to the periodical industry. For CMF purposes, qualification depended on Canadian content, which was classified as original to the Canadian market if it had not been published elsewhere, if it was written or produced by a Canadian (content could be written or produced anywhere, about anything) or in Canada (but not necessarily by a Canadian and not necessarily about Canada). Accordingly, photographs or layouts by Canadians working outside Canada would qualify, as would material produced within Canada, regardless of the subject matter or the nationality of its producer. Further, a magazine could technically qualify as fulfilling Canadian content requirements without referring to or depicting Canada in any form. This discrepancy further illustrates the potential result questioned by Senator Staunton in that a Canadian magazine could produce an entire issue on non-Canadian topics yet still qualify for subsidies on the basis that it contributed to a Canadian cultural voice.⁷⁰⁹ Further, Copps stressed that to offer more than 18% of its advertising space to Canadian companies, a split-run publication would have to establish the magazine in Canada with a majority of Canadian content.⁷¹⁰ Again, this stipulation could easily be circumvented by having Canadians contribute to graphic content or stories that may not necessarily be about Canada or present a Canadian perspective. The editor and owner could continue to be foreign, rendering the legislation ineffective in terms of not reaching the original

⁷⁰⁷ Victor Rabinovitch memorandum to Suzanne Hurtubise, "Re: Magazine Policy: Briefing of the Minister", July 29, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 44).

⁷⁰⁸ Jan Michaels e-mail message to Allan Clarke, "Re: Update on Magazines: January 13-23", January 21, 1998 (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 39).

⁷⁰⁹ Stanton, Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications [electronic resource]*, 36th Parliament, 1st Session, no. 23, April 20, 1999.

⁷¹⁰ Canada, Canadian Heritage, "Ottawa and Washington Agree on Access to the Canadian Advertising Services Market"

goal outlined by Copps of having Canadian stories told by Canadians for Canadians, but enabling production of a magazine without a single article or photo relating to Canada.

Based on these anomalies of Canadian cultural policy, the justification and motivation of the legislation is questionable. The Canadian government's argument that its goal was to protect Canadian representation of the nation for a Canadian audience is debatable given the lack of focus on deliverable Canadian content regardless of origin and the policy links to Canadian ownership requirements.

8.3 Summary

In response to Copps' lament that she did not have exposure to Canadian magazines because they did not exist to any great extent, Senator Tkachuk's responded: "You said that you did not read any Canadian magazines as you grew up, but I think you are quite the Canadian. I do not think you have become an American or a European or that you have lost your Canadian culture."⁷¹¹ This exchange illustrates that despite the lack of exposure to Canadian popular culture, Canadian identity, political legitimacy and national continuity have not been adversely affected – Canada survives with a distinct, loyal citizenry.

According to the long-standing political belief that the nation relies on the dissemination and consumption of domestic culture to retain a distinct national identity, Canadians should show a historic trend of cultural convergence to replicate the American popular culture that is omnipresent in Canada. However, Canadian identity does not appear to be affected despite the degree of imported culture based on the statistical evidence outlined above. Rather, it must be acknowledged there are a myriad of factors contributing to Canadian national identity that have allowed the country not only to sustain itself, but, as indicated through the preceding analysis, to actually become more distinct over time. The ideology that Canada is predicated on the rights of nations as well as on the rights of individuals has been retained through the history of the nation from both a political and a popular perspective. This is evidenced by its composition as a vertical mosaic rather than a melting pot and Canada's political and popular support of multiculturalism, each of which continues to be a differentiating factor evident in the statistical analysis of

⁷¹¹ Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications [electronic resource]*, 36th Parliament, 1st Session, no. 22, April 13, 1999, (Ottawa : Parliament of Canada, 1999), http://www.parl.gc.ca/36/1/parlbus/commbus/senate/Com-e/tran-e/22cv-e.htm?Language=E&Parl=36&Ses=1&comm_id=19 (accessed May 3, 2007).

WVS data. This ideology is also evident through Canadians' continued support of social institutions, such as the national health care system on a domestic level and Canada's commitment to multilateral efforts internationally. Further, despite a steady influx in American cultural penetration of Canada, in the past decade Canada has differentiated itself on a political scale by acknowledging the legal right to homosexual marriage, legalising marijuana for medicinal purposes, consistently taking steps to retain and improve its public health care system and supporting multilateral decision making in international affairs, to name a few. These developments indicate a distinct, value-driven liberal culture not only separate but also distinct from its southern neighbour, further eradicating any notion of cultural convergence with the United States. The Canadian population, despite constant subjugation to American popular culture, has not yet come to resemble Americans in their values and beliefs.

Despite an increase in exposure to American culture in the form of television, film, radio, magazines, internet, advertising, product availability, music, textbooks, and literature, Canadians are more resilient to American cultural persuasiveness than previously acknowledged by the government and, indeed, cultural stakeholders. The incessant flagging of the American nation within Canada has not, in fact, resulted in mass Canadian conformity to American values, moral perspectives or national identity. In fact, the findings from the analysis on cultural trends between Canada and the United States dispel common assumptions regarding global cultural convergence because of global trade of culture, undermining the premise of the Canadian government's justification for protectionist cultural policy:

Canadians have sometimes reluctantly, but most often readily, welcomed American capital, technology, consumer products, and popular culture – and yet they have not adopted American values. If this is true for Canada, which is unquestionably the most Americanized country in the world, then it must be true for other modern and modernizing countries that find themselves being invaded by unarmed American forces.⁷¹²

Indeed, Canadians are apparently no less Canadian for reading American magazines rather than Canadian publications. Rather, evidence points to the fact that the Canadian nation does not lose or gain anything fundamental to its continued existence through these consumer choices made at newsstands. If anything, it seems the exposure to popular culture is irrelevant to national identity. Instead, at a time when Canadian exposure to American media is at its peak, Canadian national identity political ideology continues to remain distinct, diverging from the United

States. Therefore, the lack of evidence relating to Canadian and American cultural convergence because of Canadian exposure to American media undermines the premise upon which protectionist cultural policy is based, lending support to the WTO ruling against Canada.

However, the Canadian government continues to actively promote and protect a sector it believes is directly related to national identity. The policies, however, are surprisingly void of any real variables aimed at increasing Canadian content over time. The content and ownership requirements of the proposed C-55 and of the Canadian Magazine Fund are questionable in terms of effectively producing Canadian content that will create Canadian stories for Canadians. If the government's true intention was to nurture Canadian content for Canadians, surely Canadian content would be welcomed regardless of the nationality of the owner of the periodical. However, the content stipulations in both the legislation being debated and proposed in response to the split-run dispute, and the consequent CMF lead one to question the true objectives. According to the Canadian content criteria, an article would be recognised as Canadian if the photographer or editor is Canadian, regardless of the subject matter, but not an article following the Canadian general election as Canadian content if none of the journalists, editors or photographers were Canadian, leading one to question the effectiveness and true motives of the cultural policy.

These findings only lead one to question the other factors driving the government to continue to ring fence the cultural sector through the implementation and defence of protectionist cultural policy while liberalising trade in most other sectors.

⁷¹² Adams, *Fire and Ice*, 143.

Chapter 9: Conclusion

Canada has a long tradition of cultural protection. The notion that exposure to foreign popular culture products poses a threat to the nation is entrenched in the Canadian political psyche. Prior to Confederation through to the present, protectionist cultural policy has been widely accepted within Canadian politics as a component of nation building, as a defence against cultural imperialism and as a tool used to position Canada internationally. Transcending each is the perceived role of high culture and popular cultural goods in bolstering domestic support and recognition of the legitimacy of the Canadian state. Canada's protectionist stance was maintained throughout the split-run magazine dispute as politicians and stakeholders rationalised their defence of restrictive cultural policy with appeals to Canadian nationalism.

In analysing the development of the legislative proposals in response to the WTO ruling in favour of the American challenge, three problematic areas emerge in the Canadian government's continued implementation of protectionist cultural policy. First, this dissertation corroborates numerous contentions that exposure to foreign popular cultural products is not a fundamental component of either national continuity or cultural imperialism.⁷¹³ Consequently, Canada's application of protectionist cultural policy as a defence against foreign cultural imperialism can be challenged. Further research in this area is warranted. Second, despite the purported concern of retaining Canadian content for a domestic audience the proposed Bill C-55 did not mention Canadian content or stipulate a content requirement. Third, the role of primary stakeholders in the development of cultural policy presented in this dissertation raises questions regarding the motivations driving the continued protection of the cultural sector. In doing so, it adds to studies which challenge the objectives and effectiveness of cultural policy in advancing Canadian national identity.⁷¹⁴ The role of non-elected stakeholders in policy development illustrated throughout this dissertation leads to further questions regarding the legitimacy of institutions at a federal level and the consequent impact

⁷¹³ See for example, Rutherford, *The Making of the Canadian Media*; Rutherford, "Made In America: The Problem of Mass Culture in Canada"; Lipset, *Continental Divide*; Frye, *Divisions on a Ground*, 64; Cook, *Canada, Quebec and the Uses of Nationalism*, 17; Silj, *East of Dallas: The European Challenge to American*; Michaels, *Bad Aboriginal Art and Other Essays*; Gripsrud, *The Dynasty Years: Hollywood, Television and Critical Media Studies*.

⁷¹⁴ See for example, Rutherford, *The Making of the Canadian Media*; Collins, *Culture, Communication and National Identity: The Case of Canadian Television*; Gliberman, *Culture, Governments and Markets*.

on state legitimacy in a democratic nation. Further study in this area is warranted to determine if the findings relating to the split-run dispute are representative of the role and influence of media conglomerates in the development of broader Canadian cultural policy.

9.1 Discounting the Defence of Cultural Policy

In theory, cultural products are considered tools of national unification, legitimacy and national continuity. The Canadian government provides an example of the application of cultural policy as a tool of nation building to unite a fragmented population in light of the perceived threat of American cultural imperialism. However, it has done so despite numerous studies which challenge the claim that national identity is destabilised by exposure to foreign cultural products. Rather, the statistical analysis presented in Chapter 8 of this dissertation corroborates studies such as those by Silj, Michaels and Gripsrud which argue that exposure to foreign cultural products does not result in cultural imperialism or even cultural convergence. This analysis substantiates studies which argue exposure to foreign cultural products does not appear to undermine Canadian culture and identity but can actually have a positive impact on the development of unique Canadian cultural products.⁷¹⁵

Throughout the dispute, the Government of Canada defended its protectionist legislation by arguing it was a component of national identity.⁷¹⁶ Senator Joyal even went so far as to equate the policy to national defence.⁷¹⁷ Politicians, commissions, advisory groups and stakeholders consistently referred to the inherent link between cultural products and national identity, claiming Canada had to implement protectionist cultural policy to maintain its sense of identity in an era of economic globalisation and increased trade. These arguments alleged the choice was between maintaining the opportunity to read Canadian material in Canadian magazines and facilitating cultural imperialism by allowing foreign domination of the market to the eventual demise of Canadian publishers. If the latter became a reality,

⁷¹⁵ See for example Rutherford, *The Making of the Canadian Media*, 102-103, 172; Rutherford, "Made In America: The Problem of Mass Culture in Canada"; Cook, *Canada, Quebec and the Uses of Nationalism*, 17; Collins, *Culture, Communication and National Identity: The Case of Canadian Television*, 330; Lipset, *Continental Divide*; Lipset, *North American Cultures*.

⁷¹⁶ Canada, Department of Foreign Affairs and International Trade, *Canada - Certain Measures Concerning Periodicals: First Submission*, 2; Canada, Department of Foreign Affairs and International Trade, *Canada - Certain Measures Concerning Periodicals: Second Submission* (Ottawa: Department of Foreign Affairs and International Trade Canada, 1996), 6-7.

⁷¹⁷ Senator Joyal, Canada, Parliament, Senate, *Debates of the Senate (Hansard) [electronic resource]*, 137 no. 145, 36th Parliament, 1st Session, June 7, 1999 (Ottawa: Queen's Printer, 1999), http://www.parl.gc.ca/36/1/parlbus/chambus/senate/deb-e/145db_1999-06-07-E.htm?Language=E&Parl=36&Ses=1 (accessed April 23, 2007).

it was argued Canadian material would not have a vehicle to reach the domestic audience. Despite the tactics of political scare mongering and appeals to nationalist sentiment, both domestically and internationally, there is no evidence that these fatalistic arguments were valid.

Indeed, it can be argued that exposure to foreign cultural goods actually serves to underscore the role of the nation to the domestic audience. Domestic and imported cultural products arguably unify the population in the same sense through depictions of distinct territorial and ideological boundaries and offering imagined collective experiences based on a shared ideological perspective within that territory. Within this imagining, the citizen can recognise imported cultural experiences as being from an 'other' nation, external to the domestic nationalist experience. In this way, imported culture serves to confirm the distinction of 'them' from 'us'. Further, exposure to another country's presidential system and constitutional law does not overshadow the Canadian population's understanding of their parliamentary system and participatory civil society with its own, distinct constitution. Rather, regardless of the nationality of the culture or the power being depicted, the underlying message relating to legitimacy of power serves as a reminder to the citizen of the concept of state legitimacy and power within the national context. Thus, foreign cultural products can be seen to flag the concepts of nationalism and conception of the domestic nation.

In examining World Value Survey Data and survey results from leading Canadian researchers, this study supports Lipset's contentions that Canadian national identity is fundamentally and steadfastly ideologically different from American national identity despite an overwhelming number of historical social similarities.⁷¹⁸

Statistical evidence revealed factors differentiating Canadians from Americans in their daily lifestyle habits and ideologies that are becoming increasingly distinct over time. It can therefore be concluded that exposure to foreign cultural goods does not undermine individual identification with the national 'imagined community', rendering the perceived threat of cultural imperialism less plausible over time. As Rutherford and Adams both observed, while Canadians embrace American cultural products to an unprecedented extent, this exposure does not pose a threat to Canadian identity as Canadians have not adopted American values.⁷¹⁹ Thus, while defence of

⁷¹⁸ See for example Lipset, *Continental Divide*; Lipset, *North American Cultures*.

⁷¹⁹ Rutherford, "Made In America: The Problem of Mass Culture in Canada," 280; Adams, *Fire and Ice*, 143.

Canadian culture may have a political rationale, it cannot be defended on the grounds of protecting Canadian national identity from foreign influences.

Further, the impact of foreign cultural goods in undermining Canadian national continuity comes into question given Canada has maintained independence despite overwhelming, prolific exposure to imported cultural products. Based on these findings, any arguments justifying protectionist cultural policy based on the preservation of a national cultural platform or the protection of national identity are simply not valid. Consequently, the perception of federal protection of the Canadian magazine industry as an essential element of Canadian national identity must be perceived as a political concept.

9.2 Questioning the True Aim of Canadian Cultural Policy

Proponents of cultural policy argued the legislation secures access to a Canadian voice and material which promote Canadian identity. Consequently, politicians and stakeholders argued policy options developed in response to the WTO ruling were focussed on retaining support for dissemination of Canadian content for a Canadian audience. However, the proposed legislative options did not contain any reference to Canadian content, and if anything limited it by excluding web content of periodicals from CMF eligibility. This lack of correlation between the proposed legislative solutions and the retention or encouragement of Canadian content for the Canadian audience raises questions about the motivations driving policy options, specifically drawing attention to the stakeholders and the politicians who constantly justified the legislation as necessary to retaining national identity.

The lack of a minimum content requirement did not guarantee continued development of Canadian culture. As Harrison argued, the proposed bill actually restricted some Canadian voices and creative vehicles.⁷²⁰ Bill C-55 did not encourage additional Canadian content in the market, the introduction of additional Canadian periodicals or of increasing the quality or quantity of Canadian material available to the Canadian audience. Further, Bill C-55 did not guarantee domestic publishers would continue to offer Canadian content if audience preferences changed or if it proved to be uncompetitive. Thus, the legislation did not ensure future Canadian access to articles about, by, or reflecting Canadians or their heritage.

⁷²⁰ Harrison, Canada, Parliament, Senate, Standing Senate Committee on Transport Communications, *Proceedings of the Standing Senate Committee on Transport Communications [electronic resource]*, 36th Parliament, 1st Session, no. 28, May 6, 1999.

The proposed Bill C-55 did, however, reflect publishers' interests by maintaining a legislative status quo sustaining foreign restrictions to Canadian advertising. The analysis of stakeholder involvement detailed in this study illustrates how the publishers appealed to national sentiment to maintain profitable industry protections. The true nature of the concern about Canadian content in the market place emerged as the publishers openly declared they only provided Canadian content to gain competitive advantage rather than through an altruistic nationalist motivation.⁷²¹ Ultimately, the publishers conceded Canadian periodicals competed effectively with foreign titles for readers, and that the primary concern of the publishers was competition for advertising revenue. Therefore, publication of Canadian content was not an altruistic contribution to the development of Canadian national identity by Canadian publishers. It merely supported private sector profit. Thus, resistance to a content requirement further undermined the publishers' position that they were committed to perpetuating Canadian national identity while foreign publishers wouldn't share the same devotion to Canadian content.

The fact that the proposed Bill C-55 did not actually stipulate a Canadian content requirement should not be overlooked. Although the Canadian government was claiming to implement protectionist cultural policy to ensure Canadian access to Canadian stories with the justification of national preservation, the legislative proposals in response to the split-run case and the WTO ruling did not reflect these intended outcomes.

9.3 Outcomes of the Three Hypotheses

At the outset of this study, it was anticipated that no evidence of special interests influencing policy development would be found. Instead, it was assumed economic motivation would be revealed as a primary driver of protectionist cultural policy in an era of trade liberalisation. It was expected that repositioning Canada on a global stage would be identified as a secondary motivation. Statistical evidence was expected to support political and industry fears of cultural convergence. Instead, analysis presented in this dissertation widely points to special relationships and stakeholder interests as the primary motivator driving protectionist cultural policy through the identification of two trends.

⁷²¹ Malden, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 19, 1998; Beaubien, Canada, Parliament, House of Commons, Standing Committee on Canadian Heritage, *Evidence Standing Committee on Canadian Heritage [electronic resource]*, 36th Parliament, 1st Session, November 26, 1998.

Analysis of the first of the three hypotheses revealed that economic factors did not appear to be a primary driver of legislation in the split-run magazine dispute. The threatened existence of domestic cultural products and industries appeared to be a major point of concern for the government and publishers throughout the split-run dispute. However, the findings of this study indicate that the economic relevance of the periodical sector was either too inconsequential or too misunderstood at that point to have realistically influenced the development of the contentious Bill C-55 or the government's steadfast support of such policy. A fundamental contributor to this conclusion is the apparent lack of understanding of the economic relevance of the sector by the Canadian government. Despite continued measurements of fragmented aspects of various cultural industries to the Canadian economy, there was little relevant, holistic economic data available to indicate the economic contributions of the periodical industry. The data that was available indicated the sector was not a primary contributor to the Canadian economy. Despite the sector being a strong, knowledge based industry outpacing the national average both in terms of contribution to GDP and employment, the sector was simply not a major contributor to the Canadian economy. The magazine dispute should have presented a minor blip rather than sparking threats of a trade war given the relatively low economic ramifications and the comparatively large potential economic consequences. Thus, while it is logical to conclude that although economics was a factor in the proposed policy options, it was not the primary motivator of the legislative developments in response to the split-run dispute.

In investigating the second hypothesis it became apparent that stakeholder interests were a real driving force behind protectionist Canadian cultural policy. Examination of allegations that specific publishers had a special relationship with the government and were intricately involved in the development of legislative solutions in the split-run dispute revealed considerable evidence pointing to information sharing and collusion between the government and the publishers. In addition to numerous meetings and communications between high-ranking officials of the DOCH and major publishers, there was evidence of publishers steering the direction of the development of the legislative proposals in the split-run dispute. Correspondence between representatives from Canada's largest publishers and the government revealed close, informal relationships, a series of undisclosed meetings, numerous solicitations of information and further submissions of apparently unsolicited information, all of which steered policy development. AIRs revealed evidence that

the publishers were being compensated by the Government of Canada for their involvement while the advertisers were not, further pointing to collusion between the publishers and the DOCH. Additionally, publishers received undisclosed information relating to the closed-door bilateral negotiations, allowing them to effectively lobby their position while other stakeholders were kept at arm's length throughout the negotiations. Consequently, one observer close to the situation alleged Bill C-55 originated with the publishers, specifically Rogers, in an attempt to protect large Canadian media moguls.⁷²²

Upon the withdrawal of Bill C-55 with the announcement of a bi-lateral agreement allowing limited foreign access to the Canadian advertising market, the government introduced the Canadian Magazine Fund to compensate publishers for potential losses. Again, evidence indicates the publishers' involvement in the development of the programme. Since its inception, the CMF has provided millions of dollars in subsidies to major publishers despite a buoyant industry boasting record advertising contracts and consistently high profits despite foreign access to domestic advertising revenue.

Industry representation in the SAGIT further indicates a wider degree of private sector influence than previously assumed given the recommendations leading to the development of the INCP and the NIICD originated with the SAGIT. Large Canadian media conglomerates were consistently major contributors to political parties throughout the split-run dispute, raising questions regarding the impartiality of politicians to ensure policy was developed to meet the objectives of Canadians. Although industry leaders were dissatisfied with the outcome of the bilateral negotiation, they were arguably key players in the development of Bill C-55 and the CMF. The findings from analysis of the second hypothesis lead one to conclude political and industry relationships were a primary motivating force behind the development and reinforcement of Canada's long standing protectionist cultural policy.

The final hypothesis examined if Canada's political and legislative response to the split-run dispute was motivated by Canada's international aspirations. In the context of a diminished role of international leadership and diplomacy, the split-run dispute offered Canada a prime opportunity to reposition itself as a global leader and

⁷²² Anonymous, in telephone discussion with the author, 2004 (interview conducted in confidentiality and name of interviewee was withheld by mutual agreement).

diplomatic force in the realm of cultural protection. The dispute provided a global audience monitoring the American challenge to protectionist cultural policy, the WTO ruling and Canada's legislative response while appealing to countries fearful of similar challenges to their cultural policies. Further, when the SAGIT presented recommendations to instigate a global forum on cultural policy, DFAIT and the DOCH both perceived this as an opportunity for Canada. In shifting national preservation of cultural values to a global stage, the resulting initiation of the INCP could potentially re-establish Canada as an international ideological leader. Further, it offered Canada an opportunity to dispel the belief that it was overly dependent on its relationship with the United States. The fact that INCP membership was restricted to national cultural representatives appears to be a clever way of restraining the world's largest cultural trading power from overpowering smaller cultural voices in determining cultural policies. The United States, notably, does not have a cultural component to its government. Third, the development of the INCP provided networking opportunities with other countries. This allowed Canada to gain support for its position on cultural policy while forming an international alliance resisting negotiation of culture in multilateral agreements. This alliance also indicated Canada would not be 'bullied' into relinquishing cultural protections. Finally, in taking the action it did throughout the split-run case, Canada is much better positioned internationally should the United States begin to challenge protectionist policy relating to other cultural industries, such as radio or television.

Despite these apparent, although somewhat superficial benefits, the motivation driving the development of the INCP and the effectiveness of its outcomes emerged as questionable. Both the INCP and the NIICD resulted from recommendations originating from the SAGIT to develop an international defence for cultural policy and cultural diversity. However, the SAGIT's recommendations essentially aimed to reinforce protections jeopardised by challenges to cultural policy and to retain restrictions on the trade of culture on a global scale. In doing so, they effectively protected the industries they represented. Further, although the initiation of the network provided the Canadian government an opportunity to assume an international leadership role, the INCP and its outcomes are all superseded by the WTO. Therefore, the INCP is powerless to affect global change in cultural policy given the United States' position on the trade of cultural goods and the position of the WTO on protectionist cultural policy. Although the foreign policy opportunities presented by the split-run dispute could be perceived as a primary motivator for

protectionist cultural policy, ultimately it appears private sector stakeholders were the initiators driving this development.

9.4 Final Summary

Although nationalism obviously plays a key role in the implementation and political defence of Canadian cultural policy, a nationalist basis for protectionist cultural policy emerges as questionable. In examining the development of legislative solutions following the WTO ruling in the split-run case, political and private sector gain emerged as the two key influences steering the development of Bill C-55, the CMF and the INCP. Consequently, these legislative solutions benefited large Canadian publishers but did not promote Canadian nationalism.

Throughout the examination of the split-run dispute and the consequent legislative proposals the relationship between the publishers and the government has been revealed as unethically collaborative, benefiting major publishers and at the expense of improved cultural content. This study highlights the extent to which the best interests of the populous and the democratic system were overlooked or even endangered. Political consultation throughout the development of Bill C-55 and the CMF did not include the interests of all stakeholders. Information provided to the government by the larger publishers was not openly or publicly disclosed, preventing dissenting opinions from either smaller publishers or advertisers being raised until Bill C-55 was in its final stages and the CMF was fully developed. Given the absence of content requirements, other departments raised concerns about the effectiveness and intended outcomes of the proposed solutions.⁷²³ Meanwhile, the United States threatened trade sanctions in response to continued industry protection proposed in Bill C-55. As Herman and McChesney rightly point out, media is a commodity aimed to serve market ends, not the needs of citizens.⁷²⁴ In contrast, cultural policy should be aimed at the needs of citizens.⁷²⁵ However, in permitting private sector elites disproportionate influence in policy development, the best interest of Canadians was largely overlooked while private sector profit took precedence. The involvement of the publishers in the development of the solutions, notably the CMF, support Globerman's concern that cultural policy "probably encourage[s] a substantial misallocation of resources" while substantiating Crean's

⁷²³ Victor Rabinovitch memorandum to Suzanne Hurtubise, "Re: Update on Magazine Policy: Briefing of the Minister", n.d. (unpublished data, obtained by author from Canadian Heritage through AIR; See Appendix B, Ref 45).

⁷²⁴ Edward S. Herman and Robert McChesney, *The Global Media: The New Missionaries of Corporate Capitalism*, (United Kingdom: Continuum, 2001), 9.

⁷²⁵ Ostry, *The Cultural Connection*.

allegation that a handful of private and public sector elites manipulate both culture and the economy.⁷²⁶ The findings of this study therefore lead one to query the transparency surrounding policy development and political accountability within a democratic political system given the extent of access and influence extended to the publishers under the guise of nationalism.

This study also leads one to question the nature of cultural nationalism in the context of a nation state such as Canada. Given the civic foundation of the Canadian nation state, Canadian nationalism is overly reliant on the recognition and acceptance of the legitimacy of political institutions at a federal level. Further, Canada brands itself both nationally and internationally on its democracy and rule of law.⁷²⁷ A large part of this branding, according to Brimelow, can be attributed to the development of an ideology around Canadian nationalism by elites.⁷²⁸ These elites appear to have created a profitable cycle out of the need to protect Canadian identity. Undermining these attributes will result in the demise of 'brand Canada'. However, as this dissertation illustrates, non-elected private sector elites play a highly influential role in the perpetuation of the protection of Canadian identity. If Canada's federal institutions, democratic processes and, ultimately, political legitimacy are merely fronts for elite partnerships formed around personal interest, Canadian political accountability can be called into question. As such, this study of Canadian cultural nationalism presents real ethical concerns regarding the nature of policy development and legitimacy in a nation state in which the actions of federal civic institutions were driven by elite partnerships formed around personal interest.

Finally, this study raises questions regarding the relevance for cultural protectionism within a global context of established nation states in which a national identity is entrenched in the psyche of the citizenry. The statistical findings presented in Chapter 8 substantiate existing studies that exposure to foreign cultural goods does not undermine national identity or behavioural patterns, raising further doubts regarding the need for protectionist cultural policy. It also leads one to question the effectiveness of exposure to domestic popular cultural products on the development and retention of a national consciousness. Further, by illustrating the national consciousness of the citizenry is not undermined by prolific levels of exposure to

⁷²⁶ Globerman, *Culture, Governments and Markets*, 2; Crean, *Who's Afraid of Canadian Culture?*, 11.

⁷²⁷ Canada, Governor General, "Building a higher quality of life for all Canadians: speech from the Throne to open the Second Session of the Thirty-sixth Parliament of Canada", Ottawa, Ontario, October 12, 1999.

⁷²⁸ Brimlow, *The Patriot Game*, 7.

foreign popular culture, one is led to question what factors do drive the continual definition of an increasingly unique national consciousness in an era of globalisation overshadowed by global exchange of cultural products.

Appendix A: Access to Information Requests

A series of Access to Information Requests were made to the Department of Canadian Heritage throughout 2004 in an attempt to identify any information that would substantiate or refute the following:

- allegations of a special relationship between the Department of Canadian Heritage and the publishers
- different levels of access to the Department of Canadian Heritage by the publishers and the advertisers throughout the split-run dispute and development of legislative solutions following the WTO ruling
- allegations that the proposed legislation (Bill C-55) was designed by the publishers for their own benefit
- allegations that the subsidy program introduced following the bilateral agreement was designed by the publishers for their own benefit

Access to Information Requests were made for the following information throughout the period of the split-run dispute:

- parties consulted in the development stages of Bill C-55, specifically publishers and advertisers
- meetings relating to the development of legislative proposals following the WTO ruling held between
- the government and periodical publishing associations or their representatives
- the government and advertising associations or their representatives
- the government and larger publishers or their representatives
- documentation submitted to the government, including the Standing Committees, by advertisers, publishers or their respective representatives in relation to the development of legislative solutions in relation to the split-run dispute
- information sharing between the government, the publishers and or their representatives relating to the bilateral negotiations between Canada and the U.S. regarding split-run magazine access
- parties consulted in the development stages of the Canadian Magazine Fund, specifically publishers, advertisers and other stakeholders

Access to Information Requests were made as follows:

Heather Murchison
415 Brittany Dr.
Thunder Bay, ON
P7B 5P3

F.A.O. Mr. Aumand
Access to Information and Privacy
25 Eddy St.
3rd Floor
Gatineau, Quebec
K1A 0M5

July 12, 2004

Dear Mr. Aumand;

I would like to make an information request under the Access to Information Act regarding a meeting former Heritage Minister Sheila Copps held with Mr. Ronald Lund of the Association of Canadian Advertisers on February 17, 1999. I would like information relating to the topics of discussion and, if available, I would like a copy of minutes relating to this meeting. Please send a copy of any findings to the following address;

Heather Murchison
415 Brittany Dr.
Thunder Bay, ON
P7B 5P3

I am a PhD Candidate at the London School of Economics, but am a Canadian citizen making this request under the Access to Information Act.

Thank you for your assistance in this matter.

Kind Regards

Heather Murchison

Heather Murchison
415 Brittany Dr.
Thunder Bay, ON
P7B 5P3

F.A.O. Mr. Aumand
Access to Information and Privacy
25 Eddy St.
3rd Floor
Gatineau, Quebec
K1A 0M5

July 12, 2004

Dear Mr. Aumand;

I would like to make an information request under the Access to Information Act regarding meetings former Heritage Minister Sheila Copps or representatives of the Department of Canadian Heritage held with the Canadian Magazine Publishers Association and the Canadian Business Press, specifically meetings with Francois de Gaspé Beaubien (of Télémédia and the Canadian Magazine Publishers Association) throughout 1998 and 1999. I would like to know the dates of these meetings and any information pertaining to the topics discussed. If available, I would like copies of minutes of these meetings.

Heather Murchison
415 Brittany Dr.
Thunder Bay, ON
P7B 5P3

I am a PhD Candidate at the London School of Economics, but am a Canadian citizen making this request under the Access to Information Act.

Thank you for your assistance in this matter.

Kind Regards

Heather Murchison

Heather Murchison
415 Brittany Dr.
Thunder Bay, ON
P7B 5P3

F.A.O. Mr. Aumand
Access to Information and Privacy
25 Eddy St.
3rd Floor
Gatineau, Quebec
K1A 0M5

July 12, 2004

Dear Mr. Aumand;

I would like to make an information request under the Access to Information Act regarding meetings former Heritage Minister Sheila Copps or representative of the Department of Canadian Heritage held with members of Rogers/Maclean Hunter Publishing throughout 1998 and 1999 (specifically John Tory, President, Rogers Communications, Maclean Hunter Publishing Association). I would like to know the dates of these meetings and any information pertaining to the topics discussed. If available, I would like copies of minutes of these meetings.

Heather Murchison
415 Brittany Dr.
Thunder Bay, ON
P7B 5P3

I am a PhD Candidate at the London School of Economics, but am a Canadian citizen making this request under the Access to Information Act.

Thank you for your assistance in this matter.

Kind Regards

Heather Murchison

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P7B 5P3

F.A.O. Mr. Aumand
Access to Information and Privacy
25 Eddy St.
3rd Floor
Gatineau, Quebec
K1A 0M5

July 12, 2004

Dear Mr. Aumand;

I would like to make an information request under the Access to Information Act regarding meetings between former Heritage Minister Sheila Copps, International Trade Minister Sergio Marchi, representatives of the Department of Canadian Heritage or other representatives of the Department of Foreign Affairs and International Trade held with United States trade representatives regarding the trade of magazines in relation to the proposed Bill C-55 between July 1998 and June 1999. I would like information relating to the topics of discussion and, if available, I would like a copy of minutes relating to these meetings. Please send a copy of any findings to the following address;

Heather Murchison
415 Brittany Dr.
Thunder Bay, ON
P7B 5P3

I am a PhD Candidate at the London School of Economics, but am a Canadian citizen making this request under the Access to Information Act.

Thank you for your assistance in this matter.

Kind Regards

Heather Murchison

Heather Murchison
415 Brittany Dr.
Thunder Bay, ON
P7B 5P3

F.A.O. Mr. Aumand
Access to Information and Privacy
25 Eddy St.
3rd Floor
Gatineau, Quebec
K1A 0M5

July 15, 2004

Dear Mr. Aumand;

I would like to make an information request under the Access to Information Act regarding information submitted to the Standing Committee on Canadian Heritage as evidence in relation to meeting Tuesday, November 24, 1998. In the minutes of the meeting there is reference to material submitted prior to the meeting as well as additional documentation requested throughout the meeting, to be provided in due course in relation to the legality of Bill C-55.

If possible, may I please have a copy of the documentation provided to the Standing Committee on Canadian Heritage in relation to the meeting on November 24, 1998 sent to;

Heather Murchison
415 Brittany Dr.
Thunder Bay, ON
P7B 5P3

I am a PhD Candidate at the London School of Economics, but am a Canadian citizen making this request under the Access to Information Act.

Thank you for your assistance in this matter.

Kind Regards

Heather Murchison

Heather Murchison
415 Brittany Dr.
Thunder Bay, ON
P7B 5P3

F.A.O. Mr. Aumand
Access to Information and Privacy
25 Eddy St.
3rd Floor
Gatineau, Quebec
K1A 0M5

July 15, 2004

Dear Mr. Aumand;

I would like to make an information request under the Access to Information Act regarding information submitted to the Department of Canadian Heritage by the publishing industry, specifically the Canadian Magazine Publishers Association and or the Canadian Business Press or by their spokespeople (Mr. De Gaspé Beaubien) in relation to the development of Bill C-55 throughout 1997 to 1999. In the minutes of the Standing Committee on Canadian Heritage dated November 26, 1998, Mr. De Gaspé Beaubien refers to "providing information and analysis to government" at 11:25. It is this information that I would like to request.

If possible, may I please have a copy of the documentation provided to the Canadian Government by the publishing industry in relation to the above citation sent to;

Heather Murchison
415 Brittany Dr.
Thunder Bay, ON
P7B 5P3

I am a PhD Candidate at the London School of Economics, but am a Canadian citizen making this request under the Access to Information Act.

Thank you for your assistance in this matter.

Kind Regards

Heather Murchison

Heather Murchison
415 Brittany Dr.
Thunder Bay, ON
P7B 5P3

F.A.O. Mr. Aumand
Access to Information and Privacy
25 Eddy St.
3rd Floor
Gatineau, Quebec
K1A 0M5

Sept 1, 2004

Dear Mr. Aumand;

I would like to make an information request under the Access to Information Act regarding the consultation process of the Department of Canadian Heritage in regards to the Canadian Magazine Fund. Specifically, I would like to know which parties were consulted, the nature of the consultation and information requested by the government, as well as copies of any information the parties submitted to the government through this consultation process. If possible, may I please have a list of those parties consulted and a copy of the documentation provided to the Canadian Government by the consulted parties sent to;

Heather Murchison
415 Brittany Dr.
Thunder Bay, ON
P7B 5P3

I am a PhD Candidate at the London School of Economics, but am a Canadian citizen making this request under the Access to Information Act.

Thank you for your assistance in this matter.

Kind Regards

Heather Murchison

Heather Murchison
415 Brittany Dr.
Thunder Bay, ON
P7B 5P3

F.A.O. Mr. Aumand
Access to Information and Privacy
25 Eddy St.
3rd Floor
Gatineau, Quebec
K1A 0M5

Sept 24, 2004

Dear Mr. Aumand;

I would like to make an information request under the Access to Information Act regarding communication between Mauril Bélanger and the Association of Canadian Advertisers. Specifically, I would like any information relating to a meeting between these parties in relation to the proposed Bill C-55 as is referred to by Ron Lund in the minutes of the Standing Committee on Canadian Heritage dated Nov. 24, 1998. I would like a copy of the presentation made by Mr. Bélanger to the advertisers, and a copy of minutes of the meeting with the advertisers, if such minutes are in existence.

Please send this information to:

Heather Murchison
415 Brittany Dr.
Thunder Bay, ON
P7B 5P3

I am a PhD Candidate at the London School of Economics, but am a Canadian citizen making this request under the Access to Information Act.

Thank you for your assistance in this matter.

Kind Regards

Heather Murchison

Heather Murchison
415 Brittany Dr.
Thunder Bay, ON
P7B 5P3

F.A.O. Mr. Aumand
Access to Information and Privacy
25 Eddy St.
3rd Floor
Gatineau, Quebec
K1A 0M5

October 15, 2004

Dear Mr. Aumand;

I have recently received information provided under my request for access to information regarding meetings with Rogers/Macleam Hunter Publishing and Canadian Heritage in 1998/1999. Although I am grateful for the information provided, I feel there was some information that was overlooked, as in the documentation I have been sent in response to this enquiry (copies of two faxes from May 12 and 13 1999), both the copies of faxes refer to meetings between Terry Malden and Minister Copps in May of 1999. I would like any information relating to these meetings, as well as earlier meetings in 1997/1998 relating to the development of Bill C-55 and meetings in 1999 relating to the development of the Canadian Magazine Fund.

Please send copies of any relevant material to my permanent address:

Heather Murchison
415 Brittany Dr.
Thunder Bay, ON
P7B 5P3

I am a PhD Candidate at the London School of Economics, but am a Canadian citizen making this request under the Access to Information Act.

I have enclosed another cheque for this request, as I am unsure if my original request and payment would still apply to this request for a more comprehensive search.

Thank you for your assistance in this matter.

Kind Regards

Heather Murchison

Appendix B: Documentation Received through Access to Information

Access to Information Requests made to the Department of Canadian Heritage (detailed in Appendix A) returned a number of documents cited throughout this dissertation. These documents have been scanned and are included in the attached CD-ROM in .pdf format. The document file name includes the date on the document (year_month_date); author; format; and the recipient. For example, a letter from Beaubien to Sheila Copps dated November 20, 1997 is filed on the CD-ROM as "1997_11_20 – Beaubien faxed letter to Copps". Additionally, the files each contain a page number to assist the reader as each page of each document is scanned as one .pdf file.

Letters and memos are scanned in their entirety. However, given the size of reports, the title page is scanned for the reader's benefit with the intention of providing adequate information to allow the reader to request the same document through an AIR request to the DOCH.

The table below provides information pertaining to the file name on the attached CD-ROM for each document cited in the dissertation.

Reference Number	Reference/Document Description	File Reference on CD
1	Francois de Gaspé Beaubien letter to Sheila Copps, November 20, 1997.	1997_11_20 – Beaubien faxed letter to Copps
2	Francois de Gaspé Beaubien letter to Suzanne Hurtubise, April 6, 1998.	1998_04_06 – Beaubien letter to Hurtubise
3	Francois de Gaspé Beaubien letter to Suzanne Hurtubise, April 14, 1998.	1998_04_14 - Beaubien letter to Hurtubise
4	Francois de Gaspé Beaubien letter to Sheila Copps, April 23, 1998. [Attachment: "Le Secteur Du Magazine Canadien: Response A L'Offensive Des Etats-Unis, Soumis Par L'Association Canadienne Des Etudiés De Magazines Et La Canadian Business Press"]	1998_04_23 – Beaubien letter to Copps Attachment : CMPA CBP - Le Secteur Du Magazine Canadien: Response A L'Offensive Des

Reference Number	Reference/Document Description	File Reference on CD
		Etats-Unis, Soumis Par L'Association Canadienne Des Etudiants De Magazines Et La Canadian Business Press (Title Page)
5	Francois de Gaspe Beaubien letter to Sheila Copps, June 9, 1999.	1999_06_09 – Beaubien letter to Copps
6	Francois de Gaspe Beaubien letter to Alex Himelfarb, September 23, 1999.	1999_09_23 - Beaubien letter to Himelfarb
7	<p>Francois de Gaspe Beaubien letter to Alex Himelfarb, October 15, 1999.</p> <p>[Attachment: "Proposed Assistance Programs for the Canadian Magazine Sector", Oct 11, 1999]</p>	<p>1999_10_15 – Beaubien faxed letter to Himelfarb</p> <p>1999_10_11 – Beaubien – Proposed Assistance Programs for the Canadian Magazine Sector (Title Page)</p>
8	Canadian Heritage, "Questions and Answers: Canada – United States Meeting on Bill C-55 Issues (DRAFT)", January 29, 1999.	1999_01_29 – Canadian Heritage Questions and Answers – Canada U.S. Meeting on Bill C-55 Issues
9	Canadian Magazine Publishers Association, "CMPA/CBP Briefing Document", September 26, 1997.	1997_09_26 - CMPA CBP Briefing Document
10	Canadian Magazine Publishers Association. "Submission by the Canadian Magazine Industry Proposing a New Structural Measure Regarding Advertising Services in the Magazine Sector", 1998.	CMPA - Submission by the Canadian Magazine Industry Proposing a New Structural Measure (Title Page)
11	Canadian Magazine Publishers Association, Canadian Business Press, "The Canadian Magazine Sector: Responding to the U.S. Challenge - Presentation by the Canadian Magazine Publishers Association and the Canadian Business Press," 1998.	CMPA CBP - The Canadian Magazine Sector – Responding to the U.S. Challenge (Title Page)

Reference Number	Reference/Document Description	File Reference on CD
12	Canadian Magazine Publishers Association, Canadian Business Press, "Le Secteur Du Magazine Canadien: Response A L'Offensive Des Etats-Unis - Soumis Par L'Association Canadienne Des Etudieurs De Magazines Et La Canadian Business Press", 1998.	CMPA CBP - Le Secteur Du Magazine Canadien: Response A L'Offensive Des Etats-Unis, Soumis Par L'Association Canadienne Des Etudieurs De Magazines Et La Canadian Business Press (Title Page)
13	Canadian Magazine Publishers Association, Canadian Business Press memorandum to Suzanne Hurtubise and Don Stephenson, "Re: WTO Response Options", January 21, 1998.	1998_01_21 – CMPA CBP letter to Hurtubise
14	Canadian Magazine Publishers Association, Canadian Business Press memorandum to Allan Clarke and Jan Michaels, January 29, 1998.	1998_01_29 – CMPA CBP letter to Clarke
15	Canadian Magazine Publishers Association, Canadian Business Press letter to Sheila Copps, February 4, 1998.	1998_02_04 – CMPA CBP letter to Copps
16	Canadian Magazine Publishers Association, Canadian Business Press letter to Suzanne Hurtubise, March 11, 1999.	1999_03_11 CMPA CBP letter to Hurtubise
17	Canadian Magazine Publishers Association, Canadian Business Press letter to Sheila Copps, April 12, 1999.	1999_04_12 – CMPA CBP letter to Copps
18	Canadian Magazine Publishers Association, Canadian Business Press, "Canadian Cultural Policy and the Canadian Magazine Industry: A Framework for the Future (A Presentation to Alex Himelfarb and Michael Wernick)", September 21, 1999.	1999_09_21 - CMPA CBP - Canadian Cultural Policy and the Canadian Magazine Industry - A Framework for the Future (Title Page)
19	Canadian Magazine Publishers Association, Canadian Business Press letter to Michael Wernick, October 25, 1999.	1999_10_25 – CMPA CBP letter to Wernick
20	Petra Chevier letter to Allan Clarke, "Re: Joint Working Group Letter", November 1, 1999.	1999_10_27 – Chevier faxed letter to Clarke
21	Allan Clarke e-mail message to Don Stephenson,	1997_10_17 –

Reference Number	Reference/Document Description	File Reference on CD
	"Re: Magazine Meeting with the DM", October 17, 1997.	Clarke email to Stephenson
22	Allan Clarke e-mail message to Don Stephenson, "Re: Update on Magazines: Week of November 10-14", November 14, 1997.	1997_11_14 – Clarke email to Stephenson
23	Allan Clarke e-mail message to Don Stephenson, "Re: Update on Magazines: November 24-28", November 28, 1997.	1997_11_28 – Clarke email to Stephenson
24	Allan Clarke e-mail message to Don Stephenson, Jerome Moisan, Janette Mark, Jan Michaels, Bruce Stockfish, "Re: Update on Magazines: December 1-5", December 5, 1997.	1997_12_05 – Clarke email to Stephenson
25	Allan Clarke e-mail message to Don Stephenson, "Re: Update on Magazines: December 8-12", December 11, 1997.	1997_12_11 – Clarke email to Stephenson
26	Harrison, Young, Pesonen and Newell Inc., "Predicting Canadian Advertising Reaction to Foreign Magazine Incursion (Final draft)", 1998.	1998_01_15 - Harrison, Young, Pesonen and Newell Inc - Predicting Canadian Advertising Reaction (Title Page)
27	Alex Himelfarb letter to Francois de Gaspé Beaubien, "Re: Due Friday: Stuff for DM's Weekly Note", November 4, 1999.	1999_11_04 – Himelfarb letter to Beaubien
28	Suzanne Hurtubise, memorandum to Don Stephenson, Michael Wernick, "Re:", December 12, 1997.	1997_12_12 – Hurtubise email to Stephenson
29	Suzanne Hurtubise, memorandum to Sheila Copps, "Re: Magazine Policy: Update", n.d.	n.d. – Hurtubise memo to Copps
30	Impresa Communications Ltd., "Vitality and Vulnerability: Small and Medium Sized Magazines (SMMs) A Profile and Gap Analysis", 1999.	Impresa Communications Ltd - Vitality and Vulnerability (Title Page)
31	Ron Lund letter to John Manley, July 17, 1998.	1998_07_17 – Lund letter to Manley
32	Ron Lund e-mail message to author, "Re: I have a follow up question for you", February 7, 2005.	2005_02_07 - Lund email to Murchison

Reference Number	Reference/Document Description	File Reference on CD
33	Carol MacIvor e-mail message to David McLellan, Jan Michaels, "Press Lines", March 10, 1999.	1999_03_10 - MacIvor email to McLellan
34	Terry Malden letter to Allan Clarke, October 28, 1997.	1997_10_28 - Malden letter to Clarke
35	Terry Malden letter to Allan Clarke, February 11, 1998.	1998_02_11 - Malden faxed letter to Clarke
36	Terry Malden letter to Sheila Copps, May 12, 1999.	1999_05_12 - Malden letter to Copps
37	Terry Malden letter to Sheila Copps, May 13, 1999.	1999_05_13 - Malden letter to Copps
38	Jan Michaels e-mail message to Allan Clarke, "Re: Due Friday: Stuff for DM's Weekly Note", November 27, 1997.	1997_11_27 - Michaels email to Clarke
39	Jan Michaels e-mail message to Allan Clarke, "Re: Update on Magazines: January 13-23", January 21, 1998.	1998_01_21 - Michaels email to Clarke
40	Susan Mongrain e-mail message to Allan Clarke, "Re: Magazine Industry Meeting", July 31, 1997.	1997_07_31 - Mongrain email to Clarke
41	Philip Boyd and Associates Inc., "Business Publishing 101, A Special Presentation Prepared for the Staff of the Department of Canadian Heritage", 2000.	Philip Boyd and Associates - Business Publishing 101 (Title Page)
42	Andrea Philips memorandum to Tara Rajan, May 23, 2000 [Attachment: Laird Rankin letter to Andrea Philips, May 19, 2000]	2000_05_23 - Philips faxed letter to Rajan Attachment: 2000_05_19 - Rankin letter to Philip
43	Kenneth Purchase and Clifford Sosnow letter to Clifford Lincoln, "Re: Reply to Testimony in Respect of Bill C-55" November 30, 1998.	1998_11_30 - Purchase and Sosnow letter to Lincoln
44	Victor Rabinovitch memorandum to Suzanne	1997_07_29 -

Reference Number	Reference/Document Description	File Reference on CD
	Hurtubise, "Re: Magazine Policy: Briefing of the Minister", July 29, 1997.	Rabinovitch memo to Hurtubise
45	Victor Rabinovitch memorandum to Suzanne Hurtubise, "Re: Update on Magazine Policy: Briefing of the Minister", n.d.	n.d. – Rabinovitch memo to Hurtubise
46	Laird Rankin letter to Andrea Philips, May 19, 2000.	2000_05_19 – Rankin letter to Philip
47	Michael Rea letter to Don Stephenson, August 18, 1999 [Includes WTO Expenses Incurred by CMPA/CBP on Policy Development Research During 1998/1999].	1999_08_18 – Rea faxed letter to Stephenson
48	Clifford Sosnow letter to Clifford Lincoln, "Re: Request to Appear Before Committee Hearings in Respect of Bill," November 23, 1998.	1998_11_23 – Sosnow letter to Lincoln
49	Don Stephenson e-mail message to Helene Frechette, "Update on Magazines: Week October 20-24", October 24, 1997.	1997_10_24 – Stephenson email to Frechette
50	Tax Credit and Contribution Subgroup, "Tax Credit and Contribution Subgroup Meeting - Minutes of Meeting", November 11, 1997.	1997_11_11 – Tax Credit and Contribution Subgroup Meeting
51	Tax Credit and Contribution Subgroup, "Tax Credit and Contribution Subgroup Meeting - Minutes of Meeting", November 26, 1997.	1997_11_26 – Tax Credit and Contribution Subgroup Meeting
52	John Thomson letter to Alex Himelfarb, September 22, 1999.	1999_09_22 – Thompson faxed letter to Himelfarb
53	John Thomson letter to Alex Himelfarb, October 15, 1999.	1999_10_15 – Thompson letter to Himelfarb
54	John Thomson letter to Alex Himelfarb, December 6, 1999.	1999_12_06 – Thompson letter to Himelfarb
55	Michael Wernick, memorandum to Suzanne Hurtubise, "Re: Meeting with Magazine Industry", November 30, 1997.	1997_11_30 – Wernick memo to Hurtubise
56	Michael Wernick, memorandum to Suzanne Hurtubise, "Re: Meeting with Representatives From the Canadian Magazine Industry on March 12,	n.d. – Wernick memo to Hurtubise

Reference Number	Reference/Document Description	File Reference on CD
	1998", n.d.	
57	Elspeth Williams letter to Jan Michaels, "Re: Canadian Magazine Publishers Association", November 18, 1997 (unpublished data, obtained by author from Canadian Heritage through AIR).	1997_11_18 Williams letter to Michaels

Appendix C: Interviews

A series of in-depth, loosely structured interviews were conducted in 2004 to substantiate the investigation of the role of publishers and advertisers representatives in the development of legislative options following the WTO ruling.⁷²⁹

The purpose of these interviews was to gain further understanding of the nature of the allegations made by the advertisers and to provide the politicians and publishers an opportunity to respond to these allegations by outlining their involvement in the development of legislative solutions. Findings from these interviews were only used to substantiate the qualitative research and were not used as the foundation of any arguments in the dissertation.

Each of the potential respondent's backgrounds were studied, with interviewees selected on the basis of their involvement, or alleged lack thereof, in the development of new legislative options, as per the Standing Committee on Canadian Heritage minutes from November 1998. It is believed the de facto selection of potential interviewees was representative of the primary stakeholders and politicians involved in the development of the legislative solutions resulting from the split-run dispute.⁷³⁰ The selection process was therefore aimed to represent the following:

- the advertisers' representatives making allegations of preferential treatment for specific publishers;
- the publishers' representatives alleged to have a special relationship with the Department of Canadian Heritage;
- MPs from the Standing Committee on Canadian Heritage who made or refuted allegations of a special relationship between the publishers and the DOCH;
- Senior government officials named by the advertisers in their allegations as having knowledge of a special relationship and the development of policy exclusive of an open consultation process;

⁷²⁹ For more on loose, unstructured interviews see Babbie, *The Practice of Social Research*, 6th ed., 292-293.

⁷³⁰ For more on de-facto interviewee selection process, see Babbie, *The Practice of Social Research*, 6th ed., 292.

- Senior officials from the DOCH who interacted with stakeholders in the development of legislative solutions to govern the periodical industry following the WTO ruling, and later, the Canadian Magazine Fund.

Although requests for interviews were made to each of these parties (outlined below), opposition MPs and the publishers did not make themselves available for interviews.

The list of potential interviewees, their relevance to the split-run dispute, who they represented (advertisers, government or publishers), whether they agreed to an interview, and, where relevant, dates and formats of interviews, is detailed in the table below:

Name of Interviewee	Relevance at time of split-run dispute	Representing Interest	Agreed to Interview	Date of Interview	Interview Format
Anonymous * interview conducted in confidentiality and name of interviewee was withheld by mutual agreement	<ul style="list-style-type: none"> • interview conducted in confidentiality and relevance of interviewee to split-run dispute was withheld by mutual agreement 	withheld by mutual agreement	Yes	2004	Phone
Francois De Gaspe Beaubien	<ul style="list-style-type: none"> • President, Canadian Magazine Publishers Association, the representative body of Canadian periodical publishers involved in development of legislative options including Bill C-55 and the Canadian Magazine Fund. • President, Telemedia • Represented publishers Standing Committee on Canadian Heritage hearings. Named in allegations of a special relationship between publishers and DOCH 	Publishers	No	N/A	N/A
Allan Clarke	<ul style="list-style-type: none"> • Director, Publishing Policy and Programs, Canadian Heritage. • Named by advertisers in Standing Committee on Canadian Heritage proceedings as having knowledge of a special relationship between the publishers and the DOCH. 	Government	Yes	Dec 7, 2004	Phone
Sheila Copps	<ul style="list-style-type: none"> • Minister, Department of Canadian Heritage 	Government	Yes	Aug 4, 2004	Phone
Howard Hilstrom	<ul style="list-style-type: none"> • Opposition MP, made allegations of special relationships between publishers and DOCH in House of Commons 	Gov't of Canada	No	N/A	N/A
Ronald Lund	<ul style="list-style-type: none"> • President, Association of Canadian Advertisers, made allegations of special relationship between publishers and DOCH in proceedings of Standing Committee of Canadian Heritage 	Advertisers	Yes	July 13, 2004 Feb 27, 2005	Phone Face to Face

Name of Interviewee	Relevance at time of split-run dispute	Representing Interest	Agreed to Interview	Date of Interview	Interview Format
Terry Maiden	<ul style="list-style-type: none"> • Vice President Maclean Hunter Publishing/ Rogers Media • Chair, Canadian Business Press, the representative body of Canadian periodical publishers involved in development of legislative options including Bill C-55 and the Canadian Magazine Fund 	Publishers	No	N/A	N/A
Inky Mark	<ul style="list-style-type: none"> • Opposition MP, member of Standing Committee for Canadian Heritage, voiced allegations of special relationship between publishers and DOCH in Standing Committee on Canadian Heritage proceedings. 	Government	No	N/A	N/A
Anne McCaskill	<ul style="list-style-type: none"> • Represented Publishers Associations (CPMA & CBP), acting as a private consultant. • Represented publishers in appearances before the Standing and Senate Committees • Former TRIPS negotiator for Canadian Government 	Publishers	Yes	Aug 25, 2004	Phone
Kenneth Purchase	<ul style="list-style-type: none"> • Legal council to Association of Canadian Advertisers • Represented Association of Canadian Advertisers in appearances before Standing and Senate Committees 	Advertisers	No – Referred me to Cliff Sosnow	N/A	N/A
Cliff Sosnow	<ul style="list-style-type: none"> • Legal council to Association of Canadian Advertisers • Represented Association of Canadian Advertisers in appearances before Standing and Senate Committees 	Advertisers	Yes	Sept 8, 2004	Phone
Bruce Stockfish	<ul style="list-style-type: none"> • Representing Department of Justice, Government of Canada • Named by advertisers in Standing Committee on Canadian Heritage proceedings as having knowledge of a special relationship between the publishers and the DOCH. 	Government	Yes	Dec 7, 2004	Phone
Jeff Richstone	<ul style="list-style-type: none"> • Senior Counsel, Legal Services, Canadian Heritage 	Government	Yes	Dec 7, 2004	Phone
George Russell	<ul style="list-style-type: none"> • Editor in Chief of Time Canada, made allegations existing and proposed legislation was aimed at protecting Canadian publishers 	Publishers	No	N/A	N/A
John Tory	<ul style="list-style-type: none"> • President and CEO of Rogers Media throughout the split-run dispute 	Publishers	No	N/A	N/A

A loose structure for the interviews is as follows⁷³¹:

Interviewee:

Interviewer:

Date:

Location:

1) Can you please outline your role in the consultation process relating to Bill C-55?

⁷³¹ For more on loose structure of interviews, see Babbie, *The Practice of Social Research*, 6th ed., 293.

- 2) In your opinion, was there an open consultation process – were all parties given equal access to members of the department of heritage?
- 3) At what stage were the publishers involved?
- 4) In what stage were the advertisers involved?
 Prompt: The Advertisers allege they were not involved until a later stage – would you agree? Do you know why the advertisers weren't involved earlier in the process?
- 5) Do you think the course of events throughout the consultation process for Bill C-55 was representative of a special relationship between the publishers and the government – there were allegations of such a relationship.
 Prompt: Did the Liberal Party, at the time, have a special relationship with some of the interested parties of the debate, such as Rogers (Maclean's) and de Gaspé Beaubien of Télémédia/Chair of the CMPA
 Prompt: Assertions that Beaubien had access to government that was not enjoyed by other parties.
 Prompt: The Reform party seemed to continually specify the support of Rogers and Télémédia/Beaubien when arguing against the Bill, asserted Bill C-55 was protecting Maclean Hunter publishing and Télémédia – can you elaborate?
- 6) What is your opinion on the close relationship between the government and the industry (i.e. industry involved in SAGIT that initially proposed shifting cultural policy to international level, industry involvement in CMF)?
- 7) Do you think the Liberal party was acting out of self interest in the consultation process? If so, how?
- 8) Can you talk me through the development of the Canadian Magazine Fund – Again, I understand the CMPA and the Canadian Business Press were involved in the determination of the subsidy amounts...
- 9) What is your view of the effectiveness of the CMF?
- 10) Do you think the entry of split-run magazines into Canada has negatively impacted on Canadian culture since 1999?
- 11) What is your interpretation of Canada's international involvement in cultural policy, in the development of a new international instrument on cultural diversity?
- 12) What role do you perceive culture as playing in Canada in the 21st century – is the importance of culture changing because of globalisation/technology?
- 13) Is this an area you feel the government should be as involved as it is, in that the government seems to be protecting private gain rather than public good (no CanCon in new bill, protecting an industry that argues it could not otherwise survive – is this in public interest?)
 Culture is one of the fastest growing sectors of the Canadian economy. Do you think the extent of government involvement would be the same if cultural industries were not performing as well?

14) In your opinion, was this issue really about magazines, culture, money or politics?

Appendix D: Leading National Advertisers Data

The Leading National Advertisers kindly provided collated data on a six year trend of advertising revenue and pages of advertising per Canadian publication for the period January 1998 through to December 2003.

This data was analysed to determine the compound growth of each periodical on both an annual basis and for the period as a whole. It was then aggregated to determine the overall impact on the parent company (i.e. Rogers or Transcontinental publishing).

6 YEAR TRENDING REPORT

	Jan1998 - Dec1998		Jan 1999 – Dec 1999		Jan 2000 – Dec 2000		Jan 2001 – Dec 2001		Jan 2002 – Dec 2002		Jan 2003 – Dec 2003		Compound Rate	
	Pages	Dollars	Pages	Dollars	Pages	Dollars	Pages	Dollars	Pages	Dollars	Pages	Dollars	Pages	Dollars
Grand Total	39,731	520,601,713	42,122	556,809,110	45,047	607,029,815	46,244	631,844,632	46,892	662,119,826	51,053	725,279,664	0	0
Chatelaine (English)	1,087.28	43,484,227	1,069.21	43,362,708	1,284.94	52,486,453	1,304.34	54,530,729	1,272.01	55,057,790	1,424.65	64,297,859	4.61%	6.74%
Canadian Living	1,031.30	28,888,141	1,026.74	29,593,947	1,288.35	39,862,852	1,281.38	40,330,446	1,394.88	44,495,904	1,334.16	43,909,363	4.38%	7.23%
Maclean's	1,490.25	47,676,785	1,341.06	45,879,699	1,248.85	43,480,746	1,058.25	37,022,224	1,054.51	36,085,653	1,089.04	37,498,616	-5.09%	-3.92%
Reader's Digest	686.14	19,767,857	695.30	20,876,423	788.38	24,867,633	837.08	26,979,059	909.65	31,527,696	881.10	30,491,160	4.26%	7.49%
Time	1,328.89	28,256,593	1,262.78	28,850,558	1,092.72	26,539,054	1,005.93	25,616,002	916.98	24,632,407	926.54	25,381,331	-5.83%	-1.77%
Canadian House & Home	738.42	9,792,780	689.17	9,396,670	856.18	11,792,556	1,046.51	14,826,633	1,110.23	16,553,239	1,448.26	23,954,327	11.88%	16.08%
Flare	1,074.08	14,150,355	1,127.17	15,985,597	1,069.98	16,376,555	1,169.27	18,644,253	1,171.02	19,388,673	1,356.39	23,225,838	3.97%	8.61%
Coup De Pouce	966.67	9,104,694	989.83	9,808,272	1,200.00	12,233,065	1,357.50	14,108,702	1,574.83	16,573,743	1,905.50	20,589,646	11.98%	14.57%
Starweek	0	0	1,153.04	16,787,725	1,188.63	17,980,726	1,274.29	20,447,947	1,248.19	20,688,121	1,064.33	19,077,290		
Chatelaine (French)	934.24	11,375,619	991.49	12,428,450	1,084.26	14,611,529	1,089.31	14,430,716	1,130.87	16,169,280	1,307.38	18,804,571	5.76%	8.74%
Today's Parent	617.03	7,948,524	602.77	8,342,605	813.60	11,069,660	798.00	11,429,278	871.14	13,238,490	1,111.28	18,018,827	10.30%	14.61%
Now	2,780.57	14,133,595	3,003.97	15,691,075	2,883.72	16,213,556	2,672.02	15,924,612	2,843.79	17,652,649	2,969.98	17,663,970	1.10%	3.79%
Tv Guide	1,705.44	26,851,491	1,431.72	23,845,312	1,137.19	20,361,479	1,016.18	19,637,374	932.79	17,928,792	861.95	17,102,902	-10.75%	-7.24%
Canadian Business	1,153.47	14,366,769	1,096.79	13,570,355	1,110.24	14,137,680	993.85	13,062,568	1,055.96	14,562,966	1,087.85	16,187,086	-0.97%	2.01%
Fashion	699.67	7,132,732	692.00	8,373,300	830.35	11,592,710	742.57	10,956,820	732.06	12,239,053	873.15	15,342,975	3.76%	13.62%
Toronto Life	1,074.06	11,123,924	952.56	10,257,250	1,183.42	12,755,875	1,077.42	12,597,678	1,161.00	14,235,057	1,170.68	15,025,631	1.45%	5.14%

Tv Times	0		0		0		0		0		0		0		0	
	Jan1998 - Dec1998		Jan 1999 - Dec 1999		Jan 2000 - Dec 2000		Jan 2001 - Dec 2001		Jan 2002 - Dec 2002		Jan 2003 - Dec 2003		Compound Rate			
	Pages	Dollars	Pages	Dollars	Pages	Dollars	Pages	Dollars	Pages	Dollars	Pages	Dollars	Pages	Dollars		
L'Actualite	919.18	12,723,949	939.04	13,140,930	908.43	13,047,908	862.80	12,852,174	867.95	13,333,001	851.65	13,423,107	-1.26%	0.90%		
Report On Business Magazine	875.20	14,875,203	880.52	15,374,035	843.97	14,936,876	674.52	12,283,601	687.18	13,127,610	641.10	12,680,950	-5.06%	-2.62%		
Elle Quebec	1,232.17	9,117,187	1,199.67	9,216,570	1,315.46	10,339,753	1,522.50	12,355,934	1,288.92	11,000,000	1,423.00	12,172,405	2.43%	4.93%		
Style At Home	498.33	5,445,203	494.17	5,382,155	731.58	8,887,718	747.37	9,760,446	727.42	9,921,813	818.07	11,307,030	8.61%	12.95%		
Homemaker's	533.91	10,903,701	562.84	11,702,857	676.35	13,883,838	636.91	13,254,632	574.84	12,009,201	502.27	10,862,038	-1.01%	-0.06%		
Enroute	643.62	9,779,000	827.90	12,519,481	836.33	14,008,729	706.42	13,265,975	641.00	12,054,694	558.83	10,480,480	-2.33%	1.16%		
Elle Canada	0	0	0	0	0	0	649.50	6,540,425	854.08	8,708,088	1,004.17	10,198,712				
National Post Business	544.98	7,036,155	468.49	6,500,696	501.61	7,335,301	612.92	10,324,497	546.14	8,884,884	566.95	9,996,296	0.66%	6.03%		
Glow	0	0	0	0	0	0	0	0	388.59	7,010,895	496.28	9,394,319				
Clin D'Oeil	1,027.50	6,974,295	862.17	6,156,768	1,025.03	7,353,726	1,214.83	8,578,256	1,090.25	7,904,111	1,228.92	9,219,011	3.03%	4.76%		
Western Living	452.59	9,216,719	410.55	8,601,913	329.16	7,408,704	316.44	7,390,877	377.10	8,905,633	382.71	8,994,160	-2.76%	-0.41%		
7 Jours	625.81	6,679,266	566.31	6,710,450	652.29	7,082,255	756.58	8,680,307	662.58	7,709,338	731.67	8,902,900	2.64%	4.91%		
Eye	765.29	3,357,145	1,153.01	5,143,581	1,326.93	7,050,814	1,397.21	7,745,466	1,441.01	8,579,131	1,564.96	8,550,175	12.66%	16.86%		
Canadian Gardening	367.98	2,755,775	472.17	3,480,428	429.17	3,533,764	448.33	4,170,518	546.31	5,946,529	616.01	8,103,328	8.97%	19.69%		
Inside Entertainment	0	0	0	0	0	0	0	0	245.83	3,643,116	545.38	8,090,000				
Food & Drink	0	0	0	0	346.33	4,445,397	454.00	6,127,355	545.83	7,515,623	566.83	7,964,354				
Decoration Chez-Soi	693.52	3,926,058	842.59	4,700,514	1,097.33	6,247,741	1,059.49	6,050,036	1,137.16	6,584,953	1,382.17	7,392,283	12.18%	11.12%		
Les Idees De Ma Maison	594.60	3,441,552	615.00	3,576,977	948.16	5,161,504	823.15	4,542,078	1,095.67	6,091,305	1,284.37	6,857,812	13.70%	12.18%		
Selection Reader's Digest	448.95	4,246,043	427.01	4,269,687	516.70	5,271,460	481.75	5,088,139	529.90	5,709,371	598.90	6,575,820	4.92%	7.56%		
50Plus	0	0	265.56	3,570,780	404.70	5,124,036	392.82	4,955,201	425.64	6,068,441	461.24	6,444,708				
Le Bel Age	0	0	452.17	2,755,225	580.17	3,802,373	807.67	5,238,936	799.83	5,251,370	872.67	5,994,992				
Elm Street	500.17	12,318,897	516.33	12,585,284	490.10	12,830,943	458.27	12,196,211	281.28	5,520,599	291.50	5,645,955	-8.61%	-12.19%		
Tribute	224.17	4,770,618	218.17	4,017,386	249.17	3,977,497	286.92	4,831,474	293.25	4,836,897	314.83	5,605,520	5.82%	2.72%		
Gardening Life	207.50	1,729,933	160.00	1,427,743	209.38	1,821,913	304.79	2,739,984	325.33	4,370,507	589.13	5,299,894	19.00%	20.51%		
Outdoor Canada	284.20	2,257,466	280.17	2,207,930	321.97	2,547,532	364.64	3,068,089	379.16	3,340,549	463.11	4,614,223	8.48%	12.65%		
Leisureways	120.00	1,720,930	125.83	1,740,355	186.08	2,950,314	225.85	3,535,758	192.75	3,210,590	269.00	4,548,730	14.40%	17.59%		
Decormag	466.06	1,861,762	445.33	1,873,800	651.58	2,575,500	820.00	3,431,742	940.83	4,148,440	971.75	4,521,567	13.03%	15.94%		
Canadian Geographic	215.96	2,518,899	240.04	2,729,312	259.94	2,941,760	248.20	3,257,355	329.33	4,293,065	330.84	4,510,752	7.37%	10.20%		
Profit	397.02	4,887,420	353.05	4,454,047	380.21	4,831,985	324.56	4,461,146	279.35	4,054,851	277.58	4,108,566	-5.79%	-2.85%		
Cottage Life	472.33	3,126,723	451.33	3,177,357	519.33	3,901,506	591.00	4,630,833	467.00	3,905,285	434.50	4,105,270	-1.38%	4.64%		
Vancouver	570.66	3,471,774	492.98	3,247,473	448.17	3,027,950	465.45	3,213,841	416.50	3,161,183	544.99	4,037,175	-0.76%	2.55%		

Canadian Home Workshop	602.93	3,774,684	770.71	4,873,896	544.71	3,929,873	517.30	4,108,553	499.90	4,133,095	434.15	3,995,558	-5.33%	0.95%
	Jan1998 - Dec1998		Jan 1999 - Dec 1999		Jan 2000 - Dec 2000		Jan 2001 - Dec 2001		Jan 2002 - Dec 2002		Jan 2003 - Dec 2003		Compound Rate	
	Pages	Dollars	Pages	Dollars	Pages	Dollars	Pages	Dollars	Pages	Dollars	Pages	Dollars	Pages	Dollars
Ontario Out Of Doors	440.89	2,652,621	443.28	2,768,334	429.78	2,817,067	451.19	3,086,874	454.94	3,342,360	508.31	3,810,260	2.40%	6.22%
Tv Hebdo/Tv 7 Jours	346.65	3,835,109	413.54	4,409,023	450.16	4,821,206	386.60	4,104,150	345.54	3,762,761	338.65	3,660,957	-0.39%	-0.77%
Good Times	0	0	235.39	1,943,954	302.38	2,493,333	337.88	2,867,064	338.93	2,827,603	419.93	3,402,507		
Fleurs Plantes Jardins	250.54	1,034,810	349.17	1,540,136	486.56	2,961,721	567.50	3,530,784	439.79	3,003,560	509.92	3,308,193	12.57%	21.37%
Harrowsmith Country Life	357.50	2,637,195	252.08	2,050,385	312.67	2,478,670	368.67	2,798,448	342.71	2,721,526	421.42	3,231,960	2.78%	3.45%
Affairs Plus	379.83	2,718,990	411.00	3,060,570	392.17	3,003,631	408.42	3,280,237	451.92	3,678,586	369.58	3,185,020	-0.45%	2.67%
Le Lundi	231.21	1,627,720	233.08	1,630,610	193.85	1,351,370	190.42	1,363,415	378.58	2,596,538	434.31	3,138,203	11.08%	11.56%
Feature	243.67	3,569,748	298.29	3,082,697	253.62	2,880,308	223.00	2,681,762	228.17	2,650,206	265.33	2,947,953	1.43%	-3.14%
Plaisirs De Vivre/ Living In Style	281.50	1,588,400	322.50	1,865,428	357.67	2,145,050	417.33	2,415,768	432.83	2,715,315	456.67	2,835,210	8.40%	10.14%
Moneysense	0	0	112.50	1,097,160	200.76	2,117,870	179.00	2,370,330	139.40	1,996,795	175.34	2,745,140		
Revue Commerce	523.17	2,242,950	487.92	2,226,155	511.42	2,388,595	543.17	2,639,226	571.33	2,968,435	517.42	2,648,800	-0.18%	2.81%
Femme	263.83	1,402,750	292.33	1,621,167	357.08	1,930,112	529.00	2,740,384	401.92	2,195,840	466.67	2,555,458	9.97%	10.51%
Westworld - Bcaa	159.83	1,989,845	140.58	1,731,310	162.17	1,655,305	202.83	2,221,065	127.17	1,469,665	192.50	2,420,810	3.15%	3.32%
Saturday Night	423.34	8,818,188	434.86	8,739,002	716.16	10,562,996	689.29	10,336,889	187.61	2,696,099	157.83	2,279,771	-15.16%	-20.18%
Westworld Alberta	185.00	1,863,090	152.08	1,570,195	151.08	1,607,100	176.00	1,893,539	177.17	1,947,520	185.00	2,085,285	0.00%	1.90%
Eclat	0	0	0	0	0	0	0	0	235.00	1,449,392	292.71	1,934,326		
Madame	394.67	2,396,090	451.67	2,780,441	459.92	2,852,163	461.00	2,878,248	383.50	2,452,363	295.17	1,919,574	-4.73%	-3.63%
Elm Street The Look	0	0	0	0	0	0	0	0	109.89	1,626,895	109.79	1,623,252		
Explore	230.00	850,828	280.44	1,073,736	203.42	816,388	271.83	1,164,110	268.67	1,245,275	297.67	1,384,776	4.39%	8.46%
Filles D'Aujourd'hui	185.17	824,663	218.83	994,913	209.33	974,023	309.75	1,352,988	227.75	1,049,311	294.67	1,351,545	8.05%	8.58%
Click:Smart Living	122.70	1,332,286	136.10	1,679,542	151.37	2,472,156	100.18	1,850,886	72.05	1,643,354	69.78	1,336,421	-8.98%	0.05%
Pme	239.33	949,483	235.46	976,510	285.54	1,200,824	289.83	1,273,108	289.33	1,288,510	252.50	1,159,547	0.90%	3.39%
le:Money	0	0	137.08	1,696,475	136.58	1,755,290	103.58	1,356,740	138.67	1,712,406	82.17	1,011,839		
Renovation Bricolage	187.25	845,608	160.33	742,971	216.17	1,002,411	231.75	1,071,964	189.75	906,045	199.75	962,422	1.08%	2.18%
Capital Sante	0	0	0	0	0	0	0	0	0	0	221.02	942,654		
Cool !	53.31	166,837	46.83	163,206	70.83	245,144	89.33	343,977	90.83	337,213	165.83	638,882	20.82%	25.08%
Elle Quebec Girl	0	0	0	0	0	0	0	0	29.00	154,500	124.00	637,626		
What	120.17	1,306,867	104.33	1,223,534	116.50	1,594,003	114.83	1,587,010	72.42	1,075,803	37.33	604,570	-17.70%	-12.06%
Westworld Saskatchewan	114.83	473,925	132.50	531,855	121.33	506,540	101.17	443,330	112.67	501,315	123.00	547,240	1.15%	2.43%
Campus.Ca	65.50	570,980	45.67	420,300	64.50	583,800	70.00	630,000	64.83	586,700	40.25	362,950	-7.80%	-7.27%
Canadi>N	399.44	4,952,774	490.58	6,337,426	106.00	1,425,865	0	0	0	0	0	0		

Chic	75.67	1,789,095	45.17	1,088,365	0	0	0	0	0	0	0	0	Compound Rate	
	Jan 1998 - Dec 1998		Jan 1999 - Dec 1999		Jan 2000 - Dec 2000		Jan 2001 - Dec 2001		Jan 2002 - Dec 2002		Jan 2003 - Dec 2003		Pages	Dollars
	Pages	Dollars	Pages	Dollars	Pages	Dollars	Pages	Dollars	Pages	Dollars	Pages	Dollars	Pages	Dollars
Equinox	185.67	1,612,315	174.00	1,546,680	72.67	652,158	0	0	0	0	0	0		
Going Places	141.83	509,220	121.50	422,505	144.00	494,905	123.17	433,773	111.83	461,727	0	0		
Healthwatch	0	0	104.78	2,050,130	0	0	0	0	0	0	0	0		
Images	194.50	3,454,243	166.33	3,005,314	200.77	3,668,954	228.68	4,262,365	0	0	0	0		
L'Essentiel	330.60	1,902,044	24.17	153,486	0	0	0	0	0	0	0	0		
Modern Woman Magazine	457.59	7,959,504	329.12	6,317,924	0	0	0	0	0	0	0	0		
National Post Business 500	122.91	2,144,500	88.28	1,655,080	73.37	1,450,023	0	0	0	0	0	0		
President's Choice Magazine	213.87	2,177,317	218.94	2,280,195	207.40	2,234,546	0	0	0	0	0	0		
Today's Grand Parent	0	0	47.83	633,300	0	0	0	0	0	0	0	0		
Trends	157.33	1,431,275	164.67	1,511,520	138.26	1,265,489	100.99	908,651	0	0	0	0		

Appendix E: World Values Survey Data

World Value Survey Data relating to Canada and the United States for the years 1981, 1991 and 2001 were analysed to determine statistical variances in behaviour between the populations of the two countries.

		V4_2001	V5_2001	V6_2001	V7_2001	V8_2001	V9_2001	V11_2001	V12_2001	V13_2001
		Family Important	Friends Important	Leisure Time Important	Politics Important	Work Important	Religion Important	Feeling of Happiness	State of Health	Respect Parents
1981	Mean Diff	N/A	N/A	N/A	N/A	N/A	N/A	-0.0999	-0.1283	0.0443
	Std Error Diff	N/A	N/A	N/A	N/A	N/A	N/A	0.0202	0.0305	0.0161
1991	Mean Diff	0.0073	0.0263	-0.0285	0.0608	-0.0087	0.5025	0.2328	-0.0317	0.0506
	Std Error Diff	0.0118	0.0208	0.0236	0.0303	0.0287	0.0324	0.0251	0.0303	0.0156
2001	Mean Diff	0.0170	0.0199	0.0822	0.3350	0.0319	0.4963	-0.0754	0.0443	-0.0187
	Std Error Diff	0.0110	0.0213	0.0245	0.0313	0.0285	0.0339	0.0218	0.0296	0.0153

		V16_2001	V17_2001	V18_2001	V19_2001	V20_2001	V21_2001	V22_2001	V23_2001	V24_2001
		Child: Hard Work	Child: Feeling of Respons.	Child: Imagination	Child: Tolerance	Child: Thrift & Savings	Child: Determination	Child: Religious Faith	Child: Unselfishness	Child: Obedience
1981	Mean Diff	0.0610	0.0232	-0.0110	-0.0052	-0.0501	-0.0690	0.1479	-0.0166	0.0647
	Std Error Diff	0.0146	0.0172	0.0106	0.0175	0.0117	0.0138	0.0156	0.0140	0.0148
1991	Mean Diff	0.1397	-0.0341	0.0331	-0.0785	0.0771	-0.0229	0.2462	-0.0555	0.1013
	Std Error Diff	0.0164	0.0148	0.0144	0.0142	0.0144	0.0161	0.0160	0.0164	0.0157
2001	Mean Diff	0.0899	-0.0516	-0.0009	-0.0181	-0.0573	-0.0291	0.2022	-0.0654	0.0113
	Std Error Diff	0.0182	0.0161	0.0168	0.0146	0.0159	0.0183	0.0180	0.0181	0.0171

		V33_2001	V34_2001	V35_2001	V39_2001	V40_2001	V41_2001	V42_2001	V43_2001	V44_2001
		Would Give Part of Income for Environment	Increase in Taxes if Extra Money Used Environment	Gov't Should Reduce Environmental Pollution	Belong: Welfare Service for Elderly	Belong: Church Org	Belong: Cultural Activities	Belong: Labour Unions	Belong: Political Parties	Belong: Local Political
1981	Mean Diff	N/A	N/A	N/A	-0.0018	0.2222	0.0421	0.0074	0.0601	0.0027
	Std Error Diff	N/A	N/A	N/A	0.0113	0.0167	0.0110	0.0111	0.0091	0.0041
1991	Mean Diff	-0.0051	-0.0139	-0.0166	0.0086	0.2375	0.0200	-0.0333	0.0712	-0.0030
	Std Error Diff	0.0256	0.0268	0.0281	0.0095	0.0156	0.0130	0.0103	0.0103	0.0073
2001	Mean Diff	0.0023	0.0540	-0.1063	0.0473	0.2738	0.1682	-0.0069	0.1261	0.0561
	Std Error Diff	0.0292	0.0305	0.0328	0.0133	0.0177	0.0167	0.0123	0.0125	0.0114

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		V47_2001	V48_2001	V49_2001	V50_2001	V51_2001	V52_2001	V53_2001	V54_2001	V55_2001
		Belong: Professional Association	Belong: Youth Work	Belong: Sports & Rec	Belong: Women's Group	Belong: Peace Movmt	Belong: Concerned with Health	Belong: Other Groups	Unpaid: Social Welfare Service	Unpaid: Church Org
1981	Mean Diff	0.0294	0.0215	N/A	N/A	N/A	N/A	N/A	-0.0286	0.0624
	Std Error Diff	0.0114	0.0108	N/A	N/A	N/A	N/A	N/A	0.0095	0.0131
1991	Mean Diff	-0.0140	0.0285	-0.0260	0.0184	0.0005	-0.0144	-0.0218	-0.0004	0.1339
	Std Error Diff	0.0122	0.0105	0.0138	0.0088	0.0047	0.0091	0.0109	0.0080	0.0137
2001	Mean Diff	0.1132	0.1566	0.0811	0.0655	0.0252	0.0665	0.0924	0.0484	0.1927
	Std Error Diff	0.0153	0.0146	0.0170	0.0125	0.0066	0.0129	0.0139	0.0122	0.0167

		V58_2001	V59_2001	V60_2001	V61_2001	V62_2001	V63_2001	V64_2001	V65_2001	V66_2001
		Unpaid: Political Parties	Unpaid: Local Political	Unpaid: Human Rights	Unpaid: Environment	Unpaid: Prof Assoc	Unpaid: Youth Work	Unpaid: Sports & Rec	Unpaid: Women's Group	Unpaid: Peace Movement
1981	Mean Diff	-0.0013	-0.0051	0.0021	-0.0054	0.0072	-0.0028	N/A	N/A	N/A
	Std Error Diff	0.0062	0.0034	0.0044	0.0046	0.0068	0.0094	N/A	N/A	N/A
1991	Mean Diff	0.0097	-0.0100	-0.0168	-0.0010	0.0012	0.0246	-0.0417	-0.0005	-0.0074
	Std Error Diff	0.0067	0.0063	0.0045	0.0061	0.0076	0.0093	0.0102	0.0069	0.0036
2001	Mean Diff	0.0384	0.0264	0.0053	0.0481	0.0525	0.1395	0.0526	0.0386	0.0094
	Std Error Diff	0.0081	0.0089	0.0060	0.0093	0.0103	0.0135	0.0134	0.0098	0.0048

		V69_2001	V70_2001	V71_2001	V72_2001	V73_2001	V74_2001	V75_2001	V76_2001	V77_2001
		Neighbours: Different Race	Neighbours: Heavy Drinkers	Neighbours: Emotionally Unstable	Neighbours: Muslims	Neighbours: Immigrants	Neighbours: AIDS	Neighbours: Drug Addicts	Neighbours: Homosexuals	Neighbours: Jewish
1981	Mean Diff	0.0376	-0.0166	0.1700	0.0000	0.0247	N/A	0.0000	N/A	N/A
	Std Error Diff	0.0075	0.0173	0.0163	0.0000	0.0087	N/A	0.0000	N/A	N/A
1991	Mean Diff	0.0427	0.0546	0.1286	0.0379	0.0433	0.0726	0.1517	0.0852	-0.0038
	Std Error Diff	0.0085	0.0165	0.0159	0.0109	0.0091	0.0143	0.0150	0.0158	0.0075
2001	Mean Diff	0.0425	0.0537	0.1927	0.0439	0.0566	0.0321	0.1160	0.0572	0.0510
	Std Error Diff	0.0090	0.0183	0.0179	0.0106	0.0099	0.0132	0.0168	0.0149	0.0094

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		V80_2001	V81_2001	V82_2001	V86_2001	V87_2001	V88_2001	V89_2001	V90_2001	V91_2001
		Satisfaction with Financial Situation	Satisfaction with Life	How much freedom you feel	Important in a Job: Pay	Important in a Job: Not much Pressure	Important in a Job: Job security	Important in a Job: Respected Job	Important in a Job: Good Hours	Important in a Job: Opportunity to just skills
1981	Mean Diff	0.6845	0.1578	-0.1904	0.0797	0.0804	0.0650	0.0673	0.0998	-0.0360
	Std Error Diff	0.0829	0.0638	0.0745	0.0151	0.0163	0.0163	0.0172	0.0174	0.0174
1991	Mean Diff	0.2725	0.1565	-0.0199	0.0966	0.0507	0.0564	0.0610	0.0416	-0.0214
	Std Error Diff	0.0788	0.0597	0.0625	0.0132	0.0154	0.0153	0.0163	0.0167	0.0167
2001	Mean Diff	0.3757	0.1858	-0.2777	0.1373	0.0839	0.0549	0.0866	0.1936	0.1201
	Std Error Diff	0.0870	0.0679	0.0687	0.0135	0.0175	0.0169	0.0181	0.0177	0.0181

		V94_2001	V95_2001	V96_2001	V103_2001	V104_2001	V105_2001	V109_2001	V110_2001	V111_2001
		Important in a Job: Responsible Job	Important in a Job: Interesting	Important in a Job: Meets ones abilities	One Secretary is paid more	How businesses should be managed	Following instructions at work	child needs home with father & mother	Woman has to have children	Marriage is an outdated institution
1981	Mean Diff	0.0404	-0.0086	-0.0258	0.0618	0.0496	0.1965	-0.0350	-0.0795	-0.0410
	Std Error Diff	0.0174	0.0156	0.0171	0.0151	0.0308	0.0315	0.0169	0.0152	0.0115
1991	Mean Diff	0.0008	-0.0342	0.0106	0.0252	0.0616	0.1505	-0.0436	-0.0315	-0.0449
	Std Error Diff	0.0166	0.0152	0.0166	0.0125	0.0297	0.0289	0.0145	0.0146	0.0103
2001	Mean Diff	0.1120	0.1139	0.0784	0.0975	0.0919	0.1708	-0.0724	-0.0418	-0.1296
	Std Error Diff	0.0183	0.0154	0.0180	0.0122	0.0306	0.0314	0.0175	0.0138	0.0130

		V116_2001	V117_2001	V120_2001	V121_2001	V122_2001	V123_2001	V124_2001	V125_2001	V126_2001
		being a housewife fulfilling	Husband & wife should contribute	Aims of Country: First Choice	Aims of Country: Second Choice	Aims of respondent: First Choice	Aims of respondent: Second Choice	Most Important: First Choice	Most Important: Second Choice	Be Willing to fight for your Country
1981	Mean Diff	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0998
	Std Error Diff	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0173
1991	Mean Diff	0.0667	-0.0176	0.0698	0.1791	-0.0190	0.1574	-0.2259	-0.0808	0.1065
	Std Error Diff	0.0282	0.0253	0.0352	0.0373	0.0351	0.0370	0.0397	0.0400	0.0160
2001	Mean Diff	-0.0798	-0.1365	0.0790	0.1472	0.0853	0.1957	-0.0995	0.0530	0.0539
	Std Error Diff	0.0277	0.0288	0.0372	0.0412	0.0412	0.0412	0.0439	0.0442	0.0179

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	V129_2001	V130_2001	V131_2001	V132_2001	V133_2001	V134_2001	V135_2001	V136_2001	V137_2001
	More Emphasis on Technology	Greater Respect for Authority	More Emphasis on Family Life	Opinion about Scientific Advance	Interested in Politics	Political Action: Signing Petition	Political Action: Joining Boycotts	Political Action: Attending Lawful Demonstration	Political Action: Joining Unofficial Strikes
1981 Mean Diff	0.0991	0.1194	0.0592	0.1330	-0.0043	0.0058	-0.0675	-0.0595	-0.0230
Std Error Diff	0.0252	0.0201	0.0124	0.0286	0.0319	0.0246	0.0254	0.0246	0.0189
1991 Mean Diff	0.0852	0.1996	0.0079	0.0717	-0.0064	-0.0504	-0.0741	-0.0991	-0.0259
Std Error Diff	0.0241	0.0226	0.0101	0.0252	0.0315	0.0209	0.0251	0.0248	0.0207
2001 Mean Diff	0.0147	0.0428	-0.0089	0.0771	0.3694	0.1168	0.2082	0.1608	0.0802
Std Error Diff	0.0246	0.0223	0.0095	0.0284	0.0334	0.0198	0.0265	0.0261	0.0229

	V140_2001	V141_2001	V142_2001	V143_2001	V144_2001	V147_2001	V148_2001	V149_2001	V151_2001
	Attitudes to Social Change	Incomes more Equal	Private Ownership of Business	Government More Responsibility	Competition is Good	Confidence in Churches	Confidence in Armed Forces	Confidence in the Press	Confidence in Labour Unions
1981 Mean Diff	-0.0090	N/A	N/A	N/A	N/A	0.2619	0.4304	0.1288	0.1291
Std Error Diff	0.0180	N/A	N/A	N/A	N/A	0.0308	0.0297	0.0267	0.0283
1991 Mean Diff	-0.0283	0.0369	0.1842	0.4972	-0.0708	0.3008	0.1416	0.0824	0.0205
Std Error Diff	0.0158	0.0920	0.0751	0.0881	0.0765	0.0310	0.0286	0.0248	0.0264
2001 Mean Diff	0.0297	-0.3823	0.3559	0.5512	0.2177	0.3576	0.3479	-0.1226	0.0922
Std Error Diff	0.0187	0.0960	0.0824	0.0974	0.0877	0.0333	0.0291	0.0283	0.0319

	V156_2001	V157_2001	V161_2001	V175_2001	V182_2001	V183_2001	V185_2001	V187_2001	V188_2001
	Confidence in Civil Services	Confidence in Major Companies	Confidence in NATO	Country is Run by Big Interest	Think about meaning and purpose of life	Good and Evil	How often attend Religious Service	churches Give Answers: Moral Problems	Churches Give Answers: Family Life
1981 Mean Diff	0.1851	-0.0503	N/A	N/A	0.1697	0.1566	0.7810	0.0927	0.1158
Std Error Diff	0.0279	0.0289	N/A	N/A	0.0303	0.0332	0.0869	0.0182	0.0180
1991 Mean Diff	0.1937	0.0178	-0.0077	-0.0382	0.0915	0.3648	0.9070	0.1267	0.1456
Std Error Diff	0.0246	0.0246	0.0271	0.0162	0.0282	0.0322	0.0857	0.0176	0.0174
2001 Mean Diff	0.0860	0.0057	-0.0249	0.0979	0.1405	0.1645	1.1033	0.0607	0.1227
Std Error Diff	0.0292	0.0274	0.0330	0.0186	0.0284	0.0362	0.0911	0.0189	0.0188

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		V191_2001	V192_2001	V193_2001	V194_2001	V195_2001	V196_2001	V197_2001	V198_2001	V204_2001
		Believe in God	Believe in Life after death	Believe People have a soul	Believe in Hell	Believe in Heaven	How Important is God in your life	Comfort & Strength from religion	Moments of Prayer	Justifiable: Claiming Gov't Benefit
1981	Mean Diff	0.0441	0.0905	0.0592	0.3063	0.1440	-1.0531	0.1793	0.1252	0.6945
	Std Error Diff	0.0078	0.0164	0.0116	0.0175	0.0144	0.0936	0.0158	0.0144	0.0739
1991	Mean Diff	0.0731	0.0936	0.0726	0.2918	0.1527	-1.1637	0.1818	0.1036	-0.0810
	Std Error Diff	0.0091	0.0156	0.0112	0.0166	0.0140	0.0931	0.0153	0.0137	0.0599
2001	Mean Diff	0.0495	0.0651	0.0342	0.2325	0.1126	-1.0765	0.1348	0.0800	-0.2886
	Std Error Diff	0.0088	0.0156	0.0084	0.0174	0.0137	0.0976	0.0158	0.0125	0.0733

		V207_2001	V208_2001	V209_2001	V210_2001	V211_2001	V212_2001	V213_2001	V214_2001	V215_2001
		Justifiable: people accepting Bribe	Justifiable: Homosexuality	Justifiable: prostitution	Justifiable: abortion	Justifiable: Divroce	Justifiable: Euthanasia	Justifiable: Sulcide	Geographical Unit Belong to First	2ng geographic Group Belong to
1981	Mean Diff	0.1603	0.7303	0.5876	0.2461	0.2224	0.5196	0.1395	0.1785	0.0703
	Std Error Diff	0.0514	0.0913	0.0862	0.0967	0.0930	0.1071	0.0697	0.0440	0.0451
1991	Mean Diff	0.1368	1.0225	1.0126	0.9472	0.6909	0.8725	0.5921	-0.0160	-0.0177
	Std Error Diff	0.0457	0.0977	0.0823	0.0955	0.0880	0.0982	0.0762	0.0452	0.0431
2001	Mean Diff	-0.0094	0.7151	0.3002	0.1250	0.1205	0.5740	0.1342	-0.2642	-0.1525
	Std Error Diff	0.0552	0.1233	0.0972	0.1102	0.0955	0.1159	0.0912	0.0517	0.0452

Process for WVS Data Analysis

As the WVS 1999 and 1991/1981 surveys did not match fully, it was necessary to alter the process for data selection. First, the surveys were compared, highlighting questions that were common throughout the three decades. The data was then assessed and reconfigured as follows:

- Fields were renamed in the earlier surveys according to the 2001 V it represented to allow for comparisons.
- In the 2001 data the scores of -4 (Not Asked in Survey), -3 (Not Applicable), -2 (No Answer), and -1 (Don't Know), were removed, replacing the first three with a score of 0 (NA) and the latter with 9 (DK) according to the set up of the variables in the 1981 and 1991 survey data.
- With other specific cases, variable scores were transformed to reflect those of the 1991 and 1981 survey data, i.e. when asking about the values children should be taught, the 1981 & 1991 surveys allocated a score of 1 if the value was mentioned and 2 if it was not mentioned, whereas the 2001 survey allocated a score of 0 if it was not mentioned. After transforming the data, the 2001 data would represent a score of 2 if the value were not mentioned in accordance with the scores of the 1981/1991 data.

In conducting the analysis of those variables with respondent options of 2 scores, the calculation of the normal approximation to the confidence level of P was performed as per Cochran (1977), disregarding the fpc as it was negligible.

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As explained in the methodology section of the Introduction, this bibliography is split into two sections due to the nature of cited in this dissertation.

The references listed in the section headed "Secondary Sources" include published data, such as published books, newspaper and journal articles, and government publications including news releases, reports, committee minutes and House of Commons debates (Hansard) available in the public domain.

The references listed in the section headed "Primary Sources" include unpublished data, such as correspondence between publishers and government officials, obtained through access to information requests as detailed in Appendix B. Unfortunately, although the access to information requests included numerous copies of documents in the government's possession, no archival references were included in the information supplied to the author. Thus, bibliographic references of these sources follow guidelines from the Chicago Manual of Style for "Letters and the like in private collections."⁷³² Additionally, this section of the bibliography includes references to interviews between the author and various stakeholders, as detailed in Appendix C.

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