

The Canadian Commitment to Culture

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As the 1990s draw to a close, arts and culture are back on the national agenda in Canada. The wait was long and painful. From 1984-93, the Progressive Conservative government of Brian Mulroney cut back federal support for the arts. In addition, from the late 1980s through the mid-90s, a deep recession ravaged the Canadian economy. The costs of servicing the runaway national debt left the Conservatives with ever less money for program spending. After years of receiving generous government subsidies, from the early 1960s to the early 80s, the cultural sector suffered a rude shock during Mulroney's time.

Following the crushing electoral defeat of the Conservatives in 1993, the Liberal government of Jean Chrétien affirmed its support for culture and the arts. It too, however, was similarly cash-strapped. Its first order of business was to declare war on the massive annual budget deficit and accumulated federal debt. Deficit-cutting by federal and provincial governments further depressed public-sector spending in Canada in the mid- to late-90s, with predictable results in the cultural sector.

The arts were viewed as a frill when schools and hospitals were closing for lack of funds. Between 1994-99, 87 percent of arts service organizations in Canada underwent major organizational upheaval,

two-thirds of them as a direct result of losing significant public-sector funding.¹ Arts administrators released staff, reduced expenses, and cut back their seasons, while redoubling private-sector fundraising efforts. Though "fringe" groups such as new-music societies and experimental theatre companies felt the pinch first, by 1999 even mainstream organizations were hurting:

- the community orchestras in Thunder Bay and North Bay (Ontario) were bankrupt;
- the professional orchestra in Winnipeg was in dire financial straits;
- the country's two richest orchestras, in Montreal and Toronto, were confronting serious deficits;
- the operating budget of the federally-funded Canadian Broadcasting Corporation, which could be described as the flagship of Canadian cultural sovereignty, was drastically reduced.

Still, the severe budgetary compressions produced the desired result. At the end of

¹ *Report of the Working Group on Cultural Policy for the 21st Century*, Canadian Conference of the Arts, 1999.

the 1997 fiscal year, the Chrétien government brought in the first federal surplus in 25 years, permitting it in 1998 to begin distributing anew some of their traditional largesse to the arts. After 14 years, arts and culture were once again invited to the table. Even without much money to spend in the first four years of its mandate, the Chrétien government undertook some notable symbolic initiatives which I will briefly discuss:

1. The federal arts and culture portfolio was separated from its traditional home in the Department of Communications, and while the communications portfolio went mainly to the Department of Industry, Trade and Commerce (DITC), culture was given greater prominence in the newly formed Department of Canadian Heritage (DCH);
2. The Minister of Canadian Heritage was also Deputy Prime Minister during Chrétien's first four years in office, especially significant after the comparative neglect of culture during the Mulroney years;
3. The cultural programs of the Department of Foreign Affairs and International Trade (DFAIT), cut back earlier by the Mulroney government, were restored and, in 1995, culture was declared the "third pillar" of Canadian foreign policy. What that means for the long term has not been clarified yet. DFAIT currently dispenses about \$4.7 million annually in grants which help Canadian

performers, ensembles and exhibitions tour internationally.²

4. The ministers of both DITC and DCH made major commitments to foster access to Canadian artistic and intellectual content via the World Wide Web through financial grants, special programs, etc.
5. Also in 1995, Status of the Artist legislation was passed, recognizing "the importance of the contribution of artists to the cultural, social, economic, and political enrichment of Canada," and "the importance to artists that they be compensated for the use of their works..."³ The income levels of Canadian creators (e.g., composers, authors, visual artists) are often lower than those of others who work in the cultural sector. In addition, concerns have long been expressed about the taxation status of self-employed cultural workers, and about equitable access for them to the Canada Pension Plan and to other elements of the social safety net, such as welfare and income supplement programs.

In the 1990s, self-employed workers have formed a rapidly increasing portion of the Canadian labour force. In 1994 (the most recent year for which comparative statistics are

² Hugh Stevens, "Public Diplomacy in the 21st Century," *Bout de Papier*, XVI/2, October 1999, p. 7.

³ *Status of the Artist Act*, R.S.C. 1995, c19.6, section 2.

available), the cultural sector represented close to 700,000 jobs, or over 5 percent of the Canadian labour force, larger than the agriculture, forestry, mining, and petroleum industries combined, and it contributed almost \$22 billion to the Canadian economy.⁴

Because training and manpower are provincial matters in Canada, the federal Status of the Artist legislation is essentially powerless without “enabling” legislation in each province. Nonetheless, the passage of this bill exerted moral pressure on the provinces to address this issue. While Quebec’s provincial legislation predated the federal initiative, to date no other provinces have acted.

6. The second phase of revisions to the Canadian Copyright Act, tabled in Parliament in 1997, established neighbouring rights in sound recordings, meaning that performers will now be eligible to receive royalties for public and broadcast use of their recordings. Previously only musical creators received such royalties in Canada. Pending the adoption of accompanying regulations,

⁴ Report of the 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* (Ottawa: House of Commons Publication Service, June, 1999), Table 2.1, p.14. The “cultural sector” here encompasses the performing arts, publishing, broadcasting, film, recording, and heritage domains.

the legislation has yet to be proclaimed.

7. Also in the '97 revision to the Copyright Act, a tariff was imposed on the sale of blank audio cassettes to indemnify Canadian composers, song-writers, and musicians for the private copying of their musical works from radio and CDs. It is expected that Phase Three of the copyright reforms, to follow within a few years, will address the protection of creators against the unauthorized use of their works in the digital domain, particularly on the Internet. Phase 3 is also needed to harmonize Canadian copyright laws and regulations with those of the WIPO treaties, which Canada signed in December 1997.

The Chrétien government, after winning a second straight majority in 1997 on the strength of a strong economic recovery and the promise of impending budgetary surpluses, continued to improve the lot of arts and culture with actual program spending. I will list some of the measures taken by the government in its second term that illustrate its overall commitment to culture:

1. Canada House in London and the Canadian Cultural Centre in Paris, originally established by the Liberal governments of Mackenzie King and Pierre Trudeau, respectively, but left to languish by the Mulroney government, were restored to their former glory, with the renewal of staffing and programming, including

concerts, lectures, exhibitions, films, and authors' readings;

2. A report was commissioned to advise the Minister of Canadian Heritage on how to position the National Archives and the National Library to best advantage in the digital age. Concurrent with the release of the report in July 1999, came the appointments of new heads for these agencies. The new National Librarian, who began his tenure Oct. 1, 1999, is the prominent francophone author and playwright, Roch Carrier.
3. Beginning in 1998, the Canada Council for the Arts was to have \$25 million per year added to its base funding for 5 years. These funds are used for the creation and performance of artistic works, to restore funding to performing and other arts organizations, and for the professional training of young artists. The Canada Council's budgets had been hard hit first by the Tories, and then by the spending cuts of the Liberals' first term, dropping from an allocation of \$108 million in 1991-92 to \$88 million in 1996-97. This restoration of federal funding is a boon to arts organizations and artists across the country, who are still hurting from concurrent cuts to provincial, regional, and municipal culture budgets as a result of all levels of government being forced to deal with budgetary compressions in the 90s.
4. The Sound Recording Development Program underwritten by the

Department of Canadian Heritage was doubled to \$10 million a year for 1997-99, with the likelihood that its base funding will be permanently increased beginning in 2000. This fund provides grants and loans to independent artists and small record labels in Canada, enabling them to produce commercial discs.

5. A multimillion dollar federal Millennium Fund and a separate Canada Council for the Arts Millennium Fund were created to spark the creation and performance of works of art, literature, dance, and music to mark the millennium.
6. Chrétien's choice as Canada's newest Governor General, sworn in Oct. 7, 1999, is a television journalist long associated with the arts in Canada. Adrienne Clarkson, only the second woman ever to hold the office of Canada's titular head of state, is also the first naturalized Canadian to be appointed Governor General. She was born in Hong Kong. Her husband is one of Canada's most celebrated intellectuals, John Ralston Saul.
7. In June of this year, following two years of intensive consultations across the country, the House of Commons Standing Committee on Canadian Heritage produced a report entitled *A Sense of Place, A Sense of Being: The Evolving Role of the Federal Government in Support of Culture in Canada*. Focussing on three emerging challenges—the rapid pace of demographic change in our country,

the exponential evolution of communication technologies, and the globalization of economies and trade—the committee sought advice on how the federal government could best preserve Canadian cultural identity and cultural institutions in the face of these challenges.

The Liberal Party, which has governed Canada for most of the past century, established the Canadian welfare state, including such programs as unemployment insurance, old-age pensions, universal health care, and welfare assistance. They were also responsible for establishing in 1949 the Royal Commission on the National Development of the Arts, Letters and Sciences, known as the Massey Commission.⁵ The commission noted the extreme vulnerability of Canada to foreign influences, and drew particular attention to the easy availability of U.S. books, newspapers, and magazines in Canada. Little has changed in the 50 years since.

Canadians are avid consumers of cultural “products.” An average of over 13 million Canadians per year attended performances of theatre, music, dance, and opera between 1993-97.⁶ The numbers representing Canadian consumption of popular culture (e.g., CD’s, films, books and magazines) are even more dramatic.

⁵ The full text of the Massey Commission Report is available at the National Library of Canada’s Web site: <http://www.nlc-bnc.ca/massey/emassey.htm>.

⁶ *A Sense of Place - A Sense of Being*, Chap. 6, p. 9.

The problem for Canadian creators, producers, and distributors is that much of what Canadians consume comes from elsewhere. The Canadian cultural environment, at least that in which anglophone Canadians live, is increasingly dominated by American products. Since over 90 percent of Canada’s population, now at 32 million people, lives within 50 miles of the U.S. border, we have long been within reach of American radio and television signals, even before cable and satellite systems increased their penetration into the Canadian market.

The seven multinational corporations now dominating the so-called “entertainment” field worldwide—Time Warner, Disney, Bertelsmann, Viacom, News Corp., Seagram, and Sony—“are not backdrops to cultural enterprise in Canada, they are at centre stage.”⁷ These international enterprises, five of which have head offices in the U.S., have economies of scale that cannot be matched by domestic producers, and they dominate publishing, film, video, and sound-recording markets in Canada. For example:

- Foreign subsidiaries earn 61 percent of the annual revenues from book sales in Canada while publishing only 22 percent of Canadian titles;
- Multinationals earn 89 percent of all monies generated by the sale of audio discs in Canada but produce only 28 percent of CDs with Canadian content;

⁷ *Ibid.*, Chap. 4, p.12.

- Non-Canadian companies generate 90 percent of the \$1 billion in annual box-office revenues from films distributed in Canada.⁸

By comparison, “a study of thirteen European countries documented some 400 measures that favour the production of domestic cultural products. In France, for example, television networks are allowed to purchase programming only from domestically owned distributors; [and] foreign investment in publishing is limited to [a] 20 percent [share of] joint venture[s].”⁹ Such stringent protective regulations do not exist in Canada, which has a more open market for foreign cultural products than exists in many countries. Such measures as exist in Canada (e.g., book publishing subsidies, postal subsidies for magazine publishers, and Canadian-content regulations for broadcasters) are usually attempts to level the playing field for Canadian cultural enterprises within Canada, and do not limit foreign access to the Canadian market. The reality is that Canadian creators and producers actually have only restricted access to the one market in which they should have a legitimate hope of thriving, their own, and Canadian consumers are not benefitting from equal access to domestically produced cultural products.

⁸ James Marsh, “Cultural Policy,” *Canadian Encyclopedia* [CD-ROM] (Toronto: McLelland & Stewart, 1998).

⁹ *Ibid.*

The Massey Commission report of 1951 drew attention to the large amounts of money spent on national defence, and asked: “What, we may ask ourselves, are we defending?” In response, the report suggested: “We are defending civilization, our share of it, our contribution to it[,]...[t]he things.... which give our civilization its character and its meaning. It would be paradoxical to defend something which we are unwilling to strengthen and enrich, and which we would even allow to decline.”¹⁰

Many of the recommendations of the Massey Commission were acted upon by the Liberal government of the day, resulting in major government involvement in the arts for the first time in Canadian history. Among the measures implemented as a direct result of the Massey Commission were the first federal subsidies to Canadian universities, the establishment of the National Library of Canada in 1953, and the creation of the Canada Council for the Arts, Humanities and Social Sciences in 1957. The Canada Council for the Arts, since 1978 separate from the Social Sciences and Humanities Research Council of Canada, remains the country’s most important arts agency, dispensing almost 4600 grants in 1997-98, totaling over \$17 million to individual artists and over \$76 million to arts organizations such as orchestras, ballet companies, and arts festivals.

¹⁰ Quoted in Louis Applebaum and Murray Krantz, “Arts Funding,” *Canadian Encyclopedia*.

Since the 1920s, other royal commissions and parliamentary committees in Canada have investigated the cultural sector, including broadcasting (1929, 1957), the magazine industry (1961), the mass media (1970), book publishing (1972), newspaper publishing (1981), cultural policy (1982), and arts funding (1986). Certain themes resonate in the reports of all these studies:

- Artistic and cultural activity is fundamental to the expression and preservation of Canadian cultural identity;
- Canadian cultural industries operate at a severe disadvantage because they lack the economies of scale that large markets generate, and because so much income from the distribution of cultural products in Canada goes offshore;
- Canadians desire their arts and culture to be nurtured and promoted with public money, and to be protected by regulatory controls;
- Public funding to the arts and cultural sector should be given without political interference, and key cultural agencies should operate at “arm’s length” from the political process.

In response to the concerns expressed by Canadians in the reports of these inquiries, federal governments have created numerous agencies and support programs to nurture Canadian culture in its many manifestations. Included among

these are the Canadian Broadcasting Corporation (CBC), established in 1936, the National Film Board of Canada (NFB) in 1939, the Canadian Film Development Corporation (now Telefilm Canada) and the Canadian Radio-Television Commission (CRTC),¹¹ both in 1968, the Book Publishing Development Program in 1979, the Canadian Broadcasting Program Development Fund in 1983, and the Sound Recording Development Program in 1986.

The work of the CRTC in regulating broadcasting and telecommunications in Canada has been particularly noteworthy in support of the domestic music and recording industries. Beginning in 1971, the CRTC implemented Canadian-content regulations for radio broadcasters to stimulate the broadcasting of Canadian music, and to give appropriate access to radio markets for Canadian artists and creators. A minimum of 30 percent of the recordings played by radio stations between 6 a.m. and midnight daily must meet the CRTC’s guidelines as constituting Canadian content.¹² Additionally in Quebec, 65 percent of vocal pop music recordings broadcast in prime time must be French-language. These percentages are not particularly

¹¹ Originally established in 1967-68 to regulate broadcasting, the CRTC was assigned jurisdiction for telecommunications in 1976.

¹² The CRTC employs the so-called “MAPL” principle to determine Canadian content of commercial sound recordings. Any two of the following must be Canadian to qualify: the music (M), artist (A), producer (P), or record label (L).

draconian but still occasion complaints from Canadian private broadcasters, and are considered illegal protectionist regulations by the U.S.

Notwithstanding all the federal initiatives mentioned so far, culture has long been a thorny issue in Canada. The British North America Act of 1867, Canada's first constitution, did not assign the culture portfolio specifically to any jurisdiction. While federal governments in Canada have long argued that national identity issues are part and parcel of discussions about culture, therefore requiring federal attention, the provinces in this very decentralized country, wary of federal encroachment in matters within their purview, have taken a predictably tough stand. Quebec, in particular, insists on complete control over all aspects of the language, heritage, and culture of French Canadians, though one million francophones live elsewhere in Canada.

Over the past quarter-century, all levels of government have become involved in support for the arts, and numerous provincial and municipal arts councils have been established. Between 1992-93 and 1996-97, funding for "culture" amounted to just under \$6 billion annually,¹³ of which about one-half was spent by the federal government and approximately one-third came from the provinces and territories. Beyond the

¹³ *A Sense of Place - A Sense of Being*, Appendix 2, p. 105. "Culture" here encompasses the performing arts, publishing, broadcasting, film, recording, and heritage sectors.

competing claims of federal and provincial jurisdiction, management of the culture portfolio in Canada is further complicated by the involvement of several departments within the federal government, including DCH, DFAIT, and DITC. Perhaps these complications explain why the country still lacks a coherent, formal policy governing all aspects of arts and culture.

Despite the failure of successive federal governments to articulate an overall policy towards culture to date, it is no exaggeration to say that the role of the state has been critical for the growth of Canadian culture. But the integrity of all state-sponsored programs and agencies is now under pressure from the trend toward globalization in international trade and investment agreements. Preserving Canadian culture in an increasingly global marketplace has been a matter of debate in Canada for more than a decade, and cultural issues have occupied a prominent place in international negotiations.

The Mulroney government first confronted the problem in the Free Trade negotiations with the U.S. in 1988, and again in the North American Free Trade (NAFTA) negotiations with the U.S. and Mexico in 1994. When the Americans demanded that culture be left "on the table" in the negotiations, the Conservative government discovered a lack of consensus on the issue in its own ranks. In the end, the so-called cultural exemption of NAFTA is seriously flawed because of provisions for retaliatory measures, and is further weakened by the ability of the U.S. to circumvent NAFTA

through the World Trade Organization (WTO). The aggressive American stance against Canadian attempts to protect cultural “products,” seen in Canada as being at the heart of national sovereignty¹⁴ but viewed by the U.S. as commodities, have led to a “magazine war” and other bilateral disputes with the U.S. in the late 90s.

While action on the culture front has been a priority of the Chrétien government, in recent years it, too, has signed international treaties (e.g., WTO, World Intellectual Property Organization) which further erode its ability to foster or protect domestic cultural activity. The WTO treaty (formerly the General Agreement on Tariffs and Trade) is little more than an assault on domestic cultural sovereignty, containing only two provisions pertaining to cultural matters: one an exemption to protect national treasures, the other a clause allowing limits on the importation of foreign films. Since Canada’s attempt to protect its domestic magazine publishers was thwarted by a WTO tribunal ruling, federal Heritage Minister Sheila Copps has been trying to rally western cultural ministers to adopt a common strategy in preparation for a new round of WTO negotiations in 2000, which could prohibit all measures to protect culture.

The Multilateral Agreement on Investment being negotiated at the Organization for Economic Co-operation

and Development in Paris would also undermine most cultural policy measures and institutions assembled over the past 60 years in Canada, unless there is a “carve-out” or exclusion of culture from the agreement without threat of retaliation or challenge.

The affirmation of cultural sovereignty is one of the key tools necessary for nation states to develop and evolve. Access by citizens of any country to the artistic interpretations of their myths and experiences as compatriots can only enhance their sense of shared values and destiny as a people. The promotion and celebration of their culture and values both at home and abroad should be seen as positive manifestations as long as they are not undertaken in a way which is deliberately offensive or harmful to other countries.

As the Canadian government wrote when it created the Massey Commission, “It is in the national interest to give encouragement to institutions which express national feeling, promote common understanding, and add to the variety and richness of Canadian life.” The communications technologies which offer the possibilities to achieve such goals serve even now to subject Canadians to the myths, anxieties, and values of other societies. Leaving culture to a “free market” that is overwhelmingly dominated by a few foreign corporations would quickly reduce Canada to a nation of passive consumers with little sense of themselves.

¹⁴ A point of view shared by France and Italy, among others.

Those of us who care about these issues will be watching carefully as events unfold, hoping that the tide of globalization will ebb and that free-market forces will not wipe out domestic cultural industries throughout the western world. While removing trade barriers seems a laudable goal, more thought needs to be given to the ramifications of leaving national cultures unprotected in the rush to join the global parade. Neither total protection nor total freedom is good for everyone. The middle ground—that is, allowing reasonable access by foreign producers while creating an environment

amenable to appropriate domestic production—has traditionally served Canada and its cultural sector well. Let us hope that western cultural ministers are able to forge solutions at the WTO talks to the benefit of all.

This article is based on a paper given by the author at the international symposium, "A Country's Soul: Commitments between Governments and the Arts," in Sydney, Australia, on Oct. 9, 1999.

