A Political Economy of Canadian Broadcasting

Public Good versus Private Profit

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UBCPress · Vancouver · Toronto

Contents

Abbreviations

ACA	Association of Canadian Advertisers
ACTRA	Alliance of Canadian Cinema, Television and Radio Artists
AI	artificial intelligence
AP	Associated Press
APTN	Aboriginal Peoples Television Network
AQPM	L'Association québécoise de la production médiatique
AT&T	American Telephone and Telegraph
BBC	British Broadcasting Corporation
BBG	Board of Broadcast Governors
BBM	Bureau of Broadcast Measurement
BCE	Bell Canada Enterprises
BDU	broadcast distribution undertaking
BRC	Board of Railway Commissioners
BTLR	Broadcasting and Telecommunications Legislative Review Panel
CAAA	Canadian Association of Advertising Agencies
CAB	Canadian Association of Broadcasters
CARTB	Canadian Association of Radio and Television Broadcasters
CATV	cable TV
CBC	Canadian Broadcasting Corporation
CBS	Columbia Broadcasting System
CCAU	Coalition of Canadian Audiovisual Unions
CCTA	Canadian Cable Television Association
CFDC	Canadian Film Development Corporation
CMF	Canadian Media Fund
CMPA	Canadian Media Producers Association
CNN	Cable News Network
CNR	Canadian National Railway
CP	Canadian Press
CPR	Canadian Pacific Railway
CRBC	Canadian Radio Broadcasting Commission
CRL	Canadian Radio League
CRTC	Canadian Radio-television and Telecommunications Commission
CTF	Canadian Television Fund

CTV	Canadian Television Network
CUSFTA	Canada-US Free Trade Agreement
DBS	direct broadcast satellite
DGC	Directors Guild of Canada
DOC	Department of Communications
DTH	direct-to-home [satellites]
FCC	Federal Communications Commission
FRC	Federal Radio Commission
GE	General Electric
HBO	Home Box Office
HD	high definition
HNIC	*Hockey Night in Canada*
IATSE	International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States, Its Territories and Canada
ICT	information and communications technologies
IHAC	Information Highway Advisory Council
ILNF	Independent Local News Fund
IP	intellectual property
ISP	internet service provider
LPIF	Local Program Improvement Fund
MDS	multipoint distribution systems
NAFTA	North American Free Trade Agreement
NBC	National Broadcasting Company
NFB	National Film Board
NHL	National Hockey League
NTSC	National Television System Committee
OLMC	official language minority communities
OTA	over-the-air [broadcasters]
OTT	over-the-top [programming services]
PBS	Public Broadcasting Service
PNI	programs of national interest
PPF	Public Policy Forum
RCA	Radio Corporation of America
TVNC	Television Northern Canada
UHF	ultra-high frequency
VHF	very high frequency
VOD	video on demand
WGC	Writers Guild of Canada

Introduction

Since the inception of broadcasting in Canada, particularly anglophone Canada, policy-makers, scholars, and activists have wrestled with the problem of foregrounding the representation of Canadian ways of life, or Canadian "culture," in broadcast programming. Yet, with every technological advance, every regulatory adjustment, the difficulties in meeting this goal seem to multiply. From the early days of radio to the contemporary environment of digital media platforms and streaming, creating broadcast programming content representing the range of ideas, values, and ways of life of the peoples living in this country has been a perennial problem. Employing a critical political economy of communication, this book situates the roots of this problem in the institutional structure of regulation. It examines the ways in which the political and economic dimensions of the system work to enable and constrain the allocation, production, distribution, and consumption of the communicative resources within it (cf. Mosco 2009, 2; Golding and Murdock 1991).

The following key questions are considered: Why is it so difficult to find programming, other than news, that represents Canadian ideas, values, and perspectives within the system? Why is it that a system that almost from its inception has been characterized as a "public service" has long been dominated by private capital and private interests? What role has the Canadian Broadcasting Corporation/Radio-Canada (CBC)[1] played in the development of the broadcasting system? If, as so often stated in federal policy studies and documents, the CBC, and public broadcasting in general, is so important to Parliament's stated objectives for the system, why is it perennially underfunded? Why can the private sector seem to always find the means to invest in mergers and acquisitions but money for Canadian programming is scarce? Why are not-for-profit organizations, and community groups that are specifically mandated to create Canadian content programming, often denied licences and privileges while the regulator perpetually struggles to pressure profit-oriented stations to meet their content requirements?

This book demonstrates that the institutional relationships deployed in broadcast regulation are derived from a historical set of relationships between the Canadian state and private capital that tend to foreground the development of private capital over other social goals, and that through time these relationships have come to be expressed in the regulatory structures and processes that give form to the broadcasting system.

Setting the development of Canadian broadcasting within the larger context of general industrial development, the book examines the growth of the system, mainly in anglophone Canada, in several historical periods ranging from the 1920s to 2023. In each of these periods, regulation is shown as working in the context of larger industrial imperatives to engender a dynamic web of relationships between the state's regulatory instruments, domestic private capital, foreign capital, and technological innovation – relationships that, taken together, produce a set of circumstances that constrain Canadian cultural expression within the system.

The Literature

Historically, the mainstream of the anglophone literature on Canadian broadcasting frames its development as a struggle between more or less rational actors competing for the representation of their interests within a system that is governed by a relatively transparent political process, scarce material resources, and dynamic technological change. Writing almost fifty years ago, E. Austin Weir (1965, 449) captures the general tenor of both the historical and contemporary literature in this vein:

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

Among examples of this body of work, two volumes by Frank Peers (1969, 1979) are generally acknowledged as the most thorough and rigorous, charting the history of broadcasting to 1968. Mary Vipond (1992) has examined the early development of the system prior to the establishment of public broadcasting, and Matthew Fraser (1999) focuses on more recent struggles around broadcast technology. Writers such as Margaret Prang (1965); Weir (1965); Stuart McFadyen, Colin Hoskins, and David Gillen (1980); Kenneth Dewar (1982); Paul Audley (1983); Paul Rutherford (1990), Vipond (1992); Ross Eaman (1994); Knowlton Nash (1994); Liss Jeffrey (1996); Susan Gittens (1999); and Richard Stursberg and Stephen Armstrong (2019) are just a few of those who have made more focused contributions in this area. In addition, Wade Rowland (2013, 2015) has provided two nuanced considerations of the history and plight of the CBC in this context. As well, a wide variety of MA and PhD theses add both depth and breadth to these writings (Carscallen 1966; Saunderson 1972; P. Anderson 1976; Blakely 1979), while a veritable mountain of both publicly and privately sponsored studies and inquiries develop issues and set terms for debates (e.g., [GD]* Royal Commission on Radio Broadcasting 1929; [GD] Royal Commission on the Development of the Arts, Letters and Sciences 1951; [GD] Royal Commission on Broadcasting 1957; [GD] Special Senate Committee on the Mass Media 1970a; [GD] Task Force on Broadcasting Policy 1986; [GD] Standing Committee on Canadian Heritage 2003; [GD] BTLR 2020; Nordicity 2006, 2011; [GD] CRTC 2017a; Public Policy Forum 2017; Hunter, Englehart, and Miller 2017).

There are large differences in both the sites of analysis and the research methods employed in these works. Generally, however, focusing on the broadcasting system itself, they frame the public and private sectors as antagonists, working to exert their influence in an arena that is to a large degree protected by regulation but whose parameters are dictated by a burgeoning American broadcasting industry and a scarcity of resources in the Canadian system. Consequently, they view what is perhaps the most consistent feature of the system – a growing presence of foreign programming – as the product of either consumer choice, strategic action on the part of specific interests, or forces or circumstances outside of the system's control.

The problem with this orientation is that it tends to underplay or overlook four important aspects of the system's development: (1) how transnational relations of production have not only helped determine the parameters of the field of broadcasting but also extended into the heart of its organization and development, nuancing the structure of regulation and helping finance the growth of both the public and private sectors; (2) how institutions, forged in the context of Canada's early industrial development and then deployed in the field of broadcasting, have worked together with private capital in a complex and contradictory manner to construct a common systemic response to the underinvestment or undercapitalization of the system and build a "national" broadcasting system; (3) how the structure of regulation has encouraged a division of responsibility between the public and private elements that has set the public element on the margins of the commercial system; and (4) how, both directly and

* All works tagged with "[GD]" are listed under "Government Documents [GD]" in the Works Cited at the end of this book.

indirectly, the public sector has subsidized the growth of private broadcasters through much of the development of the system. In highlighting and exploring these aspects of the system's development, this study differs from the existing literature in illustrating how the growing presence of foreign programming is more the product of the structure of regulation than of either successful strategic action on the part of the private sector or market forces. This is not to deny that the broadcasting system is indeed the product of social struggle. For almost a hundred years broadcast regulation has been a microcosm of the tensions and contradictions that have wracked the country as a whole. But these struggles have taken place across a field of institutions and social assumptions that, in the march of history, has played to the advantage of one often fickle and shifting interest – private capital.

A growing body of work that touches upon some of the questions animating this volume is television studies. As Bredin, Henderson, and Matheson (2011, 13) illustrate, while often drawing from a British cultural studies heritage, this work primarily examines media texts and is "marked by a multiplicity of critical methods." Here the focus is on "text and context" and the interplay between culture and its representation, including "televisual … structures and styles, their international currency, broader institutional structures, the nature of the media industry, (and) relationships to new technologies" (Bredin, Henderson, and Matheson 2011, 15; see, for instance, Miller [1987]; Rutherford [1990]; Druick and Kotsopoulos [2008]; Bredin, Henderson, and Matheson [2011]; Mirrlees and Kispal-Kovacs [2013]). To a degree, the emergence of this work marks the success of media regulation in creating the conditions necessary for a Canadian televisual production industry, and an analytic "step forward" in "that Canadian television scholars no longer feel the need to agonize over issues of national identity or defend the role of television within the nation state" (Bredin, Henderson, and Matheson 2011, 15). As Tanner Mirrlees and Joseph Kispal-Kovacs (2013, xvii) point out, this text-centred approach is compatible with the study at hand as "the best practitioners of cultural studies are those who are firmly grounded in political economy." In this vein, rather than examine "the content of programming produced," the purpose of this book is to provide "essential economic and social context for understanding why we have the kind of television we do" (Bredin, Henderson, and Matheson 2011, 9). As Mirrlees and Kispal-Kovacs (2013, xv) observe, "US media dominance in Canada was not achieved by coercive domination, but by invitation. Canadian corporate actors have long sought to capitalize on the TV industry's proximity to the United States while maintaining a government system of subsidies and protections." Understanding the political economic dimensions of this relationship is key to understanding the practices of representation that drive Canadian media production and the content they realize.

Where this book does part company with cultural studies–inspired analyses, however, is when such work downplays or denies the importance of the political economic context in practices of representation and/or the role of televisual products in the constitution of material culture (Beaty and Sullivan 2006; Collins 1990).

Closer to the analytic take found in this volume are writers and researchers who eschew focusing on media texts to primarily examine the ways in which political and economic relationships have structured the development of the system. Like Paul Starr's (2004) book *The Creation of the Media,* this work strives to cast the development of the media in a larger historical, political economic context – only here the analysis is much more granular, focusing specifically on the Canadian broadcasting system. Marc Raboy's (1990) excellent volume *Missed Opportunities: The Story of Canada's Broadcasting Policy* illustrates how the national pretensions of the Canadian state have animated the form and direction of broadcasting policy. Other writers have also used elements of critical political economy to analyze and explain the impacts of private investment on particular sectors of the system (Babe 1979, 1990; Dewar 1982; Salter 1981, 1988; Salter and Odartey-Wellington 2008; Tinic 2005, 2009, 2010, 2015; Taras 2015; Taras and Waddell 2020; Taylor 2013, 2016). Generally, however, these writers do not address how the system as a whole works to foreground the promotion of private economic interests and marginalizes interests not directly responsible to capital. In other instances, analyses are too economically deterministic, and thereby fail to account for the often contradictory role that the state and its instruments have played in the process of development (Smythe 1981; Hardin 1985).

Focusing at the institutional level, this book attempts to bridge these gaps and point to a regulatory path that might reinvigorate public communication and particularly public broadcasting in Canada. As Raboy (1995) notes, "the history of broadcasting everywhere up to and including the present has shown that only through sustained public policy action can the medium begin to fulfill its (public service) potential." However, as we shall see, the history of broadcast regulation in Canada is also one of subordination, where the interests of public service have systematically been placed behind those of private capital. But if the goal is to reinvigorate the system, then the choice is not simply between regulation by either the market or the state. Rather, in the tumult of change and transformation that currently grips the media system, we must find new ways to foreground public goals in both regulation and practice, enlist new modes of financing production, and open new avenues of access and distribution. Getting these, however, does not mean abandoning tradition. Rather, the idea is to draw upon the strengths of the past to face the challenges of the future.

Overview of the Chapters

Chapter 1 lays the foundation for the analysis by tracing some of the key historical dimensions of the Canadian state's involvement in economic development. It shows that through the course of the nineteenth century, a number of federal institutions were developed that provided a buffer between private economic interests and the uncertainties of a largely staples-based economy, and that over time this relationship became expressed in both the general structure of regulation as well as the institutional form of specific regulatory instruments, such as the Crown corporation and the regulatory board.

Chapter 2 considers how the state's propensity to act as a buffer between private capital and the exigencies of the market informed the development of Canada's media industries in general, and broadcasting in particular. It examines how, despite some obvious differences in the form and direction of development of the newspaper, magazine, film, and broadcast industries, there is a pattern underlying state intervention and the ways in which they were all dependent upon the importation of largely American technique (e.g., technology and/or business practices; cf. Innis 1933, 34) and capital in their early formation. It also illustrates how broadcasting was differentiated from what would later become known as these other "culture" – or, more recently, "creative" – industries and set upon a unique regulatory path.

Chapters 3 and 4 focus on the development of the radio broadcasting system from 1929 to 1948. They describe how the system's growth was tied to a larger process of industrial development, and detail how the historical relationships between the state and private capital described in Chapter 1 came to frame and inform broadcast regulation. They illustrate that while the broadcasting system was envisioned within public policy as a "single system," from the outset of regulation a division of responsibility between the public and private elements began to emerge that set the public element on the commercial margins of the system, where it worked to extend the development of the broadcasting system while, at the same time, often both directly and indirectly, subsidizing the growth of the private sector.

Chapters 5 and 6 focus on the development of English television broadcasting in Canada from its inception to the enactment of the Broadcasting Act of 1968. Again, changes in the practice of broadcasting are related to a larger set of political and economic circumstances and the industrial development of the economy in general. From this perspective, some key moments in broadcast history that are characterized as lost chances for public expression can be seen as largely the product of a regulatory environment tilted in favour of private investment, rather than as simple successful strategic action on the part of private broadcasters or bureaucratic favouritism and mismanagement, as is often argued. These chapters also illustrate how the branch-plant character of the system held much stronger sway over the direction of its development than is generally acknowledged, and how, throughout the changes in technology and regulation that characterize this period, the public broadcaster continued to play a major role in both developing broadcast resources and directly and indirectly subsidizing the private sector.

Chapters 7 and 8 examine the development of English-language television from 1968 to the early 2000s. Set in the context of the ongoing capitalization and commodification of communication and culture – that is, the restructuring of cultural activity into commercial products – these chapters illustrate that although there were dramatic changes in broadcast technology and the structure of the broadcasting system during this period, broadcast regulation generally followed an established historical pattern. Private broadcasters sought to increase profits by developing economies of scale and working to minimize regulatory responsibilities, while the public broadcaster tended to focus resources on the commercial margins of the system while continuing to help capitalize it. Moreover, while the scope of regulation was expanded to include a broader range of social interests and types of broadcast programming during this period, for the most part the interests of these broadcasters were subordinated to those of private profit-driven operators.

Chapter 9 focuses on the period from the turn of the twenty-first century to the updating of the Broadcasting Act of 1991 through the legislation of the Online Streaming Act in 2023.[2] This chapter illustrates that, in the face of fragmenting markets and shrinking revenues, the Canadian Radio-television and Telecommunications Commission (CRTC) allowed private capital freer rein within the media system in general, resulting in a growing presence of foreign content and unregulated foreign media platforms and their products, escalating concentration of ownership, and increasing relief from regulatory responsibilities for private broadcasters. Meanwhile, while suffering serious financial setbacks, the CBC continued to push the margins of the media system and focus resources on producing distinctively Canadian media content.

Building on the analysis, the Conclusion suggests that perhaps the best way to encourage the production and distribution of distinctive Canadian media content is to allow the CBC and other not-for-profit elements of the system greater latitude in the ways in which they finance and organize production and distribution. Some ways in which this might be accomplished are discussed.

Some Definitions

The primary method of analysis employed here is a critical political economy of communication. It takes its focus from Vincent Mosco's (2009, 2) definition of political economy as "the study of social relations, particularly the power relations, that mutually constitute the production, distribution, and consumption of … communicative resources." However, I add "allocation" to this formulation as the primary step in the process. At this level, the resources required for production are identified and consigned to particular social interests. To a large part, this process of allocation is the focus of this book as it traces the ways in which the Canadian state and its instruments identify and consign the resources of the Canadian broadcasting system to private, public, and community interests. In that this process of allocation impacts upon "methods of financing and organizing cultural production," as Peter Golding and Graham Murdock (1991, 15) note, it might "have traceable consequences for the range of discourses and representations within the public domain and the audience's access to them."

Other key terms employed in this book include:

- Capitalization – The process of utilizing income or assets to create the conditions for capital accumulation. Capitalization is not simply "investment," but investment that serves the purpose of creating surplus or profit from the production process.
- Commodification – "The process of transforming goods or services which are valued for their use value, e.g., food to satisfy hunger, stories for communication, into commodities which are valued for what they can earn in the market place, e.g., commercial farming to sell food, producing drama for commercial broadcasting" (Mosco 2009, 11). Commodification can take both extensive and intensive forms. Extensive commodification extends the commodity form into new areas of exploitation; e.g., the first cable systems offered a new way to distribute a number of television signals to the home for a flat fee. Intensive commodification builds upon an existing commodity form to create new commodities; e.g., cable television developed into a system that now distributes a number of different kinds of television signals that are paid for individually.
- Transnational relations of production – A situation where key elements of the production process in one country are dependent upon products or infrastructure emanating from another country. For example, to the extent that the Canadian broadcasting system has been dependent on the profits generated from American broadcast programming for financial return and investment, it might be seen as being dependent on transnational relations of production.

1

The Development Context of Canadian Communications Policy

The Economy, the State, and the Regulatory Tradition

While the development of contemporary media and media systems has its roots in the dawn of industrial society, so too some of the most decisive moments in the development of the Canadian broadcasting system occurred before the technique of broadcasting was invented, in the early development of Canadian society as institutions and organizations that would shepherd its growth were being forged in the early development of the Canadian state.

As changing patterns of political and economic organization swept across both Europe and North America, new forms of social organization took hold. Fuelled by the production and investment of surplus capital, the growth of industry gave rise to increasingly complex social relationships as both migration and urbanization stamped the geography with the spatial and temporal rhythms of industrial production. Industrial production demanded the coordination of social action across ever-increasing physical distances, as both raw materials for factory processes and foodstuffs for growing populations converged upon burgeoning urban and metropolitan centres. Industrial production also increased the schism between public and private social activities, as increasingly specialized divisions of labour reformulated definitions of family and community life. And industrial production shifted both the form and temporal patterning of social activity, as the demands of industrial time drew a distinction between work and leisure.

As Raymond Williams illustrates, it was in this context that the most visible forms of modern communications media took form. In combination with the larger diffusion of industrial social form and technique, the media developed as a "specialized means" to close the geographical and social distances created by industrial society and to serve new social interests and needs: "the press for political and economic information; the photograph for community, family and personal life; the motion picture for curiosity and entertainment; telegraphy and telephony for business information and some important personal messages" (R. Williams 1979, 22–23).

It was within this array of social forces that broadcasting was forged to "specialised means," as what began as "a set of scattered technical devices became an applied technology and then a social technology" (R. Williams 1979, 22–24). Beginning with radio, and then television, a technique that was first conceived as "wireless telephony" developed into an abstract means of sending a message from a centralized source to a widely dispersed set of relatively anonymous audience members. In this guise, harnessing electromagnetic waves to the transmission of messages is a definitively industrial technique. Its invention and adoption depended upon a broad set of factors, including a set of disparate audience members – in this instance, the private home of the nuclear family – and the industrial techniques of serial production and mass consumption.

In its early stages, the development of broadcasting was driven by equipment manufacturers who consolidated their control of the technology in an effort to derive a profit from the large-scale manufacture of transmission and receiving sets. Programming was simply an expense, a way to sell equipment. But as radio gained popularity, both governments and social interest groups began envisioning broadcasting as more than simply a way to profit from the manufacture of equipment. Its ability to bridge the gap between the newly developing urban way of life and the larger set of social circumstances that animated industrial society at large offered a means of conjoining individuals scattered in space and time and coordinating social action. Differences of opinion arose over the purposes or uses of broadcast program content, mainly regarding the comparative advantages of deploying programming to construct markets or to address non-commercial communities of interest, such as education and religion. But program production, and consequently program content, has always been dependent upon a sustaining set of economic relationships – a means of financing program production and delivery. Consequently, the history of broadcasting is largely the history of the struggle to create an economics of broadcast production, as different social interests have struggled within social, political, and geographic circumstances to find means to finance their particular vision of the technology.

In these struggles, the economics of broadcasting have been shaped and nuanced by significantly different social conditions at the national, regional, and local levels. For instance, in Britain, the physical constraints imposed by spectrum scarcity combined with the Marconi Company's lack of interest in shouldering the financial burden of program production and the political elite's distrust of "commercialism" to yield a state monopoly on radio program production and distribution (Hearst 1992; cf. Dewar 1982; Mundy 1988; Raboy 2016). Under state control, the economies of scale inherent in a limited number of broadcast channels and a densely populated listening audience were harnessed to produce a system of program production financed through receiver licence fees.

In the United States, development was led by a radio manufacturers' cartel, and programming was initially financed through profits from the sale of broadcast receiving and transmission equipment. "Toll" broadcasting, whereby time on the system was rented to program producers, was soon initiated as an additional source of revenue, and the cartel set the economies of scale inherent in the national reach of their broadcast networks to attracting audiences for commercial messages (McChesney 1993; Smulyan 1994, 100–2; Starr 2004).

While the Canadian system is sometimes characterized as a hybrid of the British and American systems, it had none of their advantages (Raboy 1990, 48). Jurisdictional disputes between the federal and provincial governments militated against the institution of a comprehensive national licensing system. Moreover, early on, radio manufacturing in Canada was consolidated on a branch-plant basis, and because signals from the equipment manufacturers' high-power American transmitters flowed freely across the border, there was little incentive for those manufacturers to invest in either program production or distribution in Canada (Vipond 1992). Without income from a licence fee or cross-subsidies from equipment manufacturers, financing presented a problem for Canadian stations and investment was largely undertaken by local businesses and educational and religious organizations (MacLennan 2005). For both technical and financial reasons, network arrangements were out of reach of these broadcasters (Weir 1965). Thus, as broadcasting took form in Canada, much of its technical infrastructure was framed by transnational relations of production that superseded domestic investment in production and distribution. As a result, what investment there was in this regard was based upon a sustaining set of economic relations constructed largely at the local level.

In the face of these problems, nationalist sentiments helped spur state intervention. From a nationalist perspective, broadcasting offered a technique for overcoming both the geographic and cultural differences that characterized the Canadian state. It offered a means of conquering space, in that it opened up an arena for public communication within which the disparate voices of Canada might, at once, both speak and be heard ([GD] Royal Commission on Radio Broadcasting 1929; Charland 1986; cf. Beale 1988).[1] In this context, state policies emerged to support a set of economic relations that would sustain both the production and distribution of broadcast programming. However, neither the rationale that legitimated intervention – a nationalist discourse that represented broadcasting as a means of conjoining a widely dispersed population – nor the chosen form of intervention – government ownership and state regulation of private undertakings – were peculiar to the field of broadcasting. Rather, these social forms were forged in Canada's early commercial and industrial development. In that process, they came to issue a particular set of relationships between the emerging Canadian state, the diverse social interests residing in this settler colonial context, and private capital.

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

To better understand the ways in which these regulatory forms have provided focus and direction to the development of broadcasting, we must examine their role and development in the formation of the Canadian state. For it is in this larger process of historical development that they were themselves forged to "specialised means" and their institutional character took form.

State Intervention and the Development of a Canadian Economy

To a large extent, the history of the Canadian state is the history of government intervention in the economy. Even before Confederation, the state was a central vehicle in organizing and financing the development of commercial and industrial infrastructure (Innis 1956). From both the direct and indirect financing of canals and railways to the implementation of the tariff to support the growth of industry, to the institution of monetary and competition policy, "the creation of a national economy in Canada and, even more clearly, a transcontinental economy was as much a political as an economic achievement" (Aitken 1967, 184). But located on the margins of both the British and American industrial systems, the governments of the British North American colonies, and later the Canadian government, had little control over the transnational economic currents that determined the demand for the largely staple products that were the basis of their economies. Consequently, industrial strategies were formulated in reaction to larger political economic events (cf. Tucker 1936; Bliss 1982; Albo and Jenson 1997). However, amid these diverse social and economic currents, a larger, historically evolving matrix of relationships between the state and domestic economic development emerged. To a large extent, it was by developing these institutions and the relationships they realized that a form of regulation and control was imposed over the fragmented settler and Indigenous populations that inhabited the northern half of North America.[2]

Led by the expansion of railways and a subsequent extension of the tariff to support their operation, the growth of industry in both the middle and late nineteenth century was accompanied by "a remarkable transformation in the scope and nature of governmental activity" (Curtis 1992, 104; cf. Craven and Traves 1987; Greer and Radforth 1992). At one level, these changes in the regulation of social life were symptomatic of a larger shift in the political "mode of regulation" – or "norms, habits, laws and regulating networks … that ensure the process of accumulation" – that accompanied the process of industrialization (Harvey 1989, 122). At another level, though, they marked the emergence of a distinctive set of institutions and processes for both managing and governing development. These were some of the first efforts of the emerging state to grapple with what Harold Innis would later call the "rigidities" or obstacles that framed the development of the Canadian political economic system (Drache 1982, 37–38). In other words, they were means to help overcome the challenges of a vast geography, a thin and diverse population, and marked dependencies on other states for markets, technology, and finance capital (Resnick 1990).

Four features of this social schemata that developed between the emerging Canadian state and the social interests that it drew into its purview are described below. Through time they worked together – in a mutually constitutive manner – to form the contours of a set of productive relationships that not only helped shape the development of the Canadian economy in general, but broadcasting as well.

The State as an Economic Buffer

From the direct and indirect financing of canals and railways to the implementation of the tariff, to undertaking, granting, and regulating monopolies in transportation, communications, and other forms of industrial infrastructure, the state has always played a central role in the development of the national economy in Canada (see Innis 1956; Aitken 1967; C. Armstrong and Nelles 1986). In this process, evolving state institutions often played a particular role as both the colonial and dominion governments positioned themselves between private economic interests and the exigencies of an often volatile economy, uneven economic development, and peoples with interests incommensurate with their own. Treading a path blazed by Harold Innis (Innis 1933, 1946, 1954; cf. Drache 1995), C.B. Macpherson (1957, 200) draws the character of this relationship:

> This embrace of private enterprise and government is not at all unusual in new countries. In Canada it is the direct result of the fact that the natural resources,

> abundant but scattered, have always afforded the prospect of highly profitable exploitation and could most rapidly be made profitable by concentrating on the production of a few staples for export … This required a heavy import of capital and heavy government expenditure on railways, power developments, irrigation, land settlement and so on. To support such investment, governments have been driven to monetary and other regulatory policies to offset the swings of an economy so dependent for its revenue on the unstable demand for and prices of a few staples, and so burdened by the fixed costs of interest on its capital indebtedness.

From the Act of Union (1840) to Confederation (1867), to the institution of the National Policy (1878), one of the central motives in enlarging the structure and purview of the state was to guarantee and enhance the conditions necessary for the continued, generally private exploitation of the resources of British North America (Innis 1956; Gagne 1976; Baskerville 1992; Piva 1992). Each of these chapters in Canadian history was to a large degree animated by forces outside the boundaries of the emerging Canadian state as the governments and peoples of the region struggled to maintain their economies and interests in the face of shifting economic conditions (Innis 1956; Bliss 1982; Greer and Radforth 1992). However, as the state became increasingly embroiled in promoting and securing private capital for the purposes of economic expansion, it set the conditions for the emergence of what might be seen as a distinctly Canadian system or "regime" of accumulation, bounded on one side by state production of the conditions necessary for accumulation, and on the other by the growth of private capital and social interests (including the state itself) dependent upon those conditions for their reproduction. As Innis (1956, 229–31) illustrates, for most of the nineteenth century, the dependence of this productive system upon foreign markets, the importation of American technology or "technique," and British finance capital left Canada exposed to fluctuations in the market economy. But under the shepherding of the state and its instruments, the geography of Canada was forged into a distinctive political economic form (252–72).

Railway subsidies and tariff policies of the last quarter of the nineteenth century both broadened and deepened this relationship between the emerging state and its polity. At the end of that period, American industrial expansion began to augment British finance capital in stimulating Canadian economic growth. And, in combination with an agricultural boom on the prairies that was fuelled by the dispossession of Indigenous and Métis peoples and a wave of immigration, the outlines of a transcontinental economy came into focus (see Aitken 1967; Fowke 1967; Daschuk 2013). Throughout this expansion, however, the state was often positioned between the exigencies of economic development and private economic interests, as state institutions and policies were employed to create the conditions necessary for private accumulation and the capitalization of the Canadian landscape (Albo and Jensen 1997; Nelles 2005). In this position, the state assumed both allocative and productive responsibilities.

In combination with private interests, state institutions were employed to both mediate relationships and bridge distances between the markets of metropolitan centres and the developing hinterland. In this process, the state largely played an allocative role: defining, securing, and allocating property rights surrounding the resources under its control. Such rights were both defined and allocated not only in terms of raw productive materials such as mineral and timber rights but also more abstract kinds of resources, such as transportation and communication rights-of-way and copyright. Moreover, to support and sustain the economic relationships arising from this early process of allocation, state institutions also acted as vehicles for raising, guaranteeing, and servicing much of the capital necessary for the exploitation of these resources, especially in terms of the transportation systems that supported resource extraction. For instance, as Daniel Drache (1995, xxiv) notes, by the mid-nineteenth century public authorities had borrowed "the staggering sum" of $350 million "to pay for the first wave of railway and canal construction in Central Canada." And, later, "they borrowed more than $1 billion of foreign capital to finance the construction of the Canadian Pacific Railway and the opening of the West."

In a productive capacity, emerging state institutions also directly engaged in financing, building, and sometimes operating such economic infrastructure. Again, in these early periods, these projects usually took the form of transportation systems, such as canals and railways. Paid for with public funds, and often operated at a deficit as rates were held low to encourage traffic, these systems served as publicly subsidized linkages, or "resources," in the private, profitable exploitation of the countryside (Innis 1933, 36–37).

In neither of these guises did the state aggressively pursue productive activities that would directly generate a surplus for the public treasury. Although government ownership was sometimes envisioned as a way to increase state revenue, generally large-scale government projects were operated at a loss (Tucker 1936). Rather, capital accumulation remained the preserve of private interests, and the developing state presence served as a buffer between those interests and the exigencies of the marketplace (Easterbrook and Aitken 1956; Innis 1956, 69–71; Corry 1939, 1941).

The State's "Own Interest"

By acting as a buffer in economic development, the emerging Canadian state slowly began to develop its own political interest in this process. Driven by the political unrest of the 1830s, the Act of Union (1840) provided the legislative framework for responsible government and a general enhancement of the administrative, monetary, and fiscal powers of the colonial government. Over the next twenty years, the industrial expansion led by the railways provided impetus and form to the development of these powers (Craven and Traves 1987; McCalla 1992). As the purview and responsibilities of the colonial government increased under the pressures of this development, the project of maintaining the political economic system it realized began to force a divergence between its interests and those of the larger British imperial system.[3] Slowly, the emergent state's imperial ties were eclipsed and a distinctive, Canadian political economic system began to develop (cf. Lower 1946, 198–200).

Until the latter quarter of the nineteenth century, though, the growing powers of state institutions were exercised in a generally instrumental fashion by politicians and officials who often realized personal or commercial benefit from government legislation, loan guarantees, and subsidies (Tucker 1936; Fowke 1967; Myers 1972; Piva 1992). But as measures to build a national economy – such as the transcontinental railway, the tariff of the National Policy, and immigration policies – met with belated success in the early twentieth century, the growing rural and urban populations gave rise to a diverse set of social interests that began to exercise a complex set of demands upon these institutions (Aitken 1967, 208–9; Traves 1979).[4] With their fortunes hinging on a fickle, capitalist economy, these interests agitated for political mechanisms through which a more equitable division of social resources might be realized, and across the political and geographic terrain realized by the Canadian state "interregional, intersectoral, intra-industrial, and marked inter-class conflict prevailed on all fronts" (Traves 1979, 8). In this atmosphere, it became increasingly difficult for politicians and other members of Canada's political and economic elite to harness the state and its instruments directly to their own interests (cf. Noel, Boismenu, and Jalbert 1993). As Traves (1979, 8–9) illustrates:

> Under these circumstances the state could not be either the businessman's abject servant or his all-powerful master … As new issues … began to exercise the public imagination, politicians had to tread carefully between powerful corporate interests and outraged public opinion … Throughout the period from the war to the Great Depression, as manufacturers persistently advanced their claims upon the power of the state, politicians of necessity weighed each demand in balance

against standards of national interest and public circumspection, with the latter usually determining the definition of the former. This point is crucial, for despite the ideological sympathies of the leaders and their parties at this time there was never a simple translation of economic might into political power.

Defined by specific geographic boundaries, and pressed by the demands of an increasingly large and diverse population, the Canadian state developed its own interest in development – that of "governance." In this process, the federal state and its institutions developed as a dynamic relation between both the diverse, burgeoning interests of the Canadian polity and a larger set of political and economic forces. From this position, state institutions began to focus on ensuring both the legitimacy and continuity of the political economic system of which they were a part (Curtis 1992, 106–7; cf. Foucault 1991). And, in this position, state institutions became a site of struggle as different Canadian social groups strove to realize their interests through its institutional forms.[5]

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

Nationalism

In part, the rise of the state's own interest in economic development was given form by a "discourse of nationalism" – a meta-narrative that represented the diverse peoples and geography of Canada as a distinct political economic entity.[6] While various visions of a pan-Canadian nationalism began to emerge prior to the 1870s, as Frank Underhill (1964, 24) argues, they "lacked the basis of an effective political movement because they spoke for no particular social groups whose economic ambitions were to be furthered through the activity of a national government … for no discontented groups who might form the basis of another Grit party … [and] they did not speak for the most solid group of all, the French-Canadians" (24–33). However, set against the political and economic uncertainty of the early 1870s, John A. Macdonald's Conservative Party moved to articulate this sentiment with "the interests of the ambitious, dynamic, speculative or entrepreneurial business groups, who aimed to make money out of the new national community or to install themselves in the strategic positions of power within it," and a nationalist vision of Canada took form in the political arena (Brown 1966; Aitken 1967; Brewis 1968, 52).

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

While in this initial formulation Canadian nationalism was primarily an economic project, with the political and economic consolidation of the northern half of North America through the late 1870s and early 1880s, the ideological dimensions of this project were, to a degree, given material form (cf. Charland 1986). In this process, the discourse itself was legitimated and a new way of representing Canada was set in play within the political arena, and throughout Canadian history it has been articulated – both successfully and unsuccessfully – with both broad social movements and the policy process to legitimate and/or provide form to state action (cf. G. Williams 1989, 59; Foucault 1972, 220). As Bashevkin (1991, 14) argues, this discourse

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

By drawing upon this idea of a single nation, the Canadian state was empowered, through time, to both allocate resources and institute particular relations of production – all in the name of a vaguely defined "national interest" (B. Anderson 2006). In this way, the discourse both legitimates and provides form to the state's own interest and the exercise of governance (Breuilly 1993).

However, the concept of nationalism has always been disputatious, as the various regional, linguistic, ethnic, and Indigenous interests that fall within the Canadian state have all struggled to advance their individual interests in this larger forum of a "national interest." In particular, for the people of Quebec, the notion of pan-Canadian nationalism has often been problematic, and for Indigenous peoples it has been a key component in their subjugation and the imposition of settler colonialism (S. Mann 2002; Daschuk 2013). Rarely, if ever, has a singular ideological vision served to unite the disparate peoples and regions of Canada in common cause or purpose. In fact, because the concept of nationalism has been deployed in so many different ways in the Canadian context, some writers speak of different Canadian "nationalisms" (cf. Bashevkin 1991, 1–38). However, I would suggest that such analytic division works to obscure the multivalent character of the broader discourse, and that its ability to cross, and in part conjoin, so many fields of activity is in fact what has allowed the term to maintain its historical currency. Hence, the point here is simply that the emergence of this "idea" of nationalism provided a conceptual space or site within which these different interests were conjoined in a struggle to press their concerns.[7]

The terms of the national economy enabled by this emergent nationalism were also somewhat paradoxical, as the tariff barrier created to forge this economy was not sensitive to the nationality of capital (Bliss 1970, 40). While the tariff provided a means of stemming the influx of foreign, mainly American, manufactured goods and encouraged the development of a national economy, it also worked to attract and encourage foreign investment in the form of American branch-plant companies that sought to profit from both the emerging Canadian market and Canada's access to British markets.[8] Driven by burgeoning capitalist enterprise in the United States, American direct investment in Canada grew rapidly under this arrangement through the late nineteenth and early twentieth centuries. By "1913 it was estimated that 450 offshoots of American companies were operating in Canada" (Bliss 1970, 97) (cf. Innis 1956, 404–5; Bliss 1970; Levitt 1970; Smythe 1981; Drache 1995).

Thus, from the outset, the project of Canadian nationalism was a project riddled in contradiction. In its initial formulation as an economic project, nationalism provided the ground for the political project of federalism to proceed amid an array of competing regional and cultural interests – particularly those of anglophone and francophone Canada. Later, though, as this branch-plant logic of national economic development encouraged increasing American investment in Canada, these changing political economic conditions would inspire a series of turns in the way the discourse was employed as a lens for interpreting these productive relations, and provoke a series of resistances to this foreign investment (Laxer 1973).

The institutional character of several common types of state action initiated to give form to this national interest in the economy is the fourth dimension of the institutional matrix we will examine.

Regulatory Instruments

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

The institutional character of these instruments both informs and gives form to action (cf. Giddens 1984; Thompson 1981). They provide a set of material and discursive conditions "through which the accumulated conventions of the past impinge upon the actor and govern the creative production of the future" (Thompson 1981, 174). In that these policy instruments are constituted to undertake specific social and economic responsibilities, the conventions they embody provide form to a particular "institutional rationality" – a particular way (or ways) in which these institutions represent social conditions and, in turn, nuance and direct social action (cf. Mosco 1979, 2009). Consequently, set in a particular policy field, and focused by institutional imperatives other than capital accumulation, these instruments work to shape and define that field. While, as the literature illustrates, these institutions have been deployed for a wide variety of purposes, and their purpose and function in any particular sector of the economy often change through time, as we shall see in the context of both the railways and broadcasting, a key feature of their operation has been to provide form and stability to the development of capital in these fields (see Hodgetts 1973; Tupper and Doern 1981; Prichard 1983; P. Thomas and Zajcew 1993; Iacobucci and Trebilock 2012; Public Policy Forum 2016).

The Regulatory Commission

Through the second half of the nineteenth century, political and economic development was largely equated with the expansion of railways. State institutions played a central role in creating the conditions under which this expansion occurred, issuing charters, subsidies, loan guarantees, land grants, and so on. As the railways became central to the operation of the economy, they became the site of heated social struggles, particularly regarding rates. While a series of quasi-judicial bodies were created to deal with these problems through this period, amid escalating controversy over the railways' financial operation S.J. McLean, a lawyer and economist, was appointed by the federal government to study the situation in 1899. In his report, McLean argued that the railway "is not only a body organized for gain, but also a corporation occupying quasi-public position and performing public functions," and that as an economic monopoly, "the prices charged … will be on a monopoly, not on a competitive basis" (in Baggaley 1981, 77). Consequently, he found that regulation of the railways could only "be met in one of two ways, State ownership or Commission regulation. There is no middle ground." As Carman Baggaley (1981, 77) notes, "his case for regulation was almost a restatement of the traditional textbook justification: to correct or control the improper allocation of resources caused by monopoly as a means of public interest." Thus, under conditions created by the state, the railway monopolies became key facets of production, and conflicts arose between the blocks of capital that gave them form and other economic and social interests that were dependent upon the roads. Consequently the state was pressured to institute a secondary mechanism for allocating the benefits that the railway provided, and take up the role of arbiter between these competing interests.

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

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

From this beginning the commission form has been applied to a wide range of tasks at the federal level, making it difficult to generalize its function.[9]

However, in policy fields where it has been employed to supervise productive activities, it is often argued that the commission plays a threefold function of "policing, promoting, and planning" that field (Baggaley 1981, 82).[10] In other words, playing an "adjudicative role," it works to "dispense privileges, usually amongst competing interests – and arbitrate rights" ([GD] Privy Council 1979, 110). In these capacities, the commission provides stability to capital formation, and helps ensure the maintenance and orderly growth of the field that it supervises (P. Thomas and Zajcew 1993). However, with the commission generally lacking the power to either directly raise or invest capital, this adjudicative function is performed through the allocation of perceived rights, privileges, and responsibilities within that field, with this process itself hinging upon the commission's operationalization of some broader definition or conception of the public or national interest (cf. Salter and Salter 1997, 314–15).

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

But while the allocative character of the commission as a policy instrument in this context has been relatively consistent through time, interpretations of its relations with the interests within its purview have not. Writers approaching the subject from a liberal economic tradition tend to stress a public interest or "market failure" interpretation, arguing that such interventions "correct the failures of the marketplace, enhance the quality of life, and ensure economic efficiency" (C. Armstrong and Nelles 1986, 187). A more critical "capture" theory has also been advanced. From this perspective, "regulatory agencies almost invariably become servants rather than masters of the industries over which they preside, and that in the rational pursuit of its long term security, business actively sought regulation to escape the travails of the market" (C. Armstrong and Nelles 1986, 188; cf. Dal Bó 2006; Croley 2007; Nowak 2022).

Building upon a structuralist vision of the state, Rianne Mahon (1980) offers a third perspective. She argues that the regulatory agency is an "unequal structure of representation" (166), which derives its character from "an issue whose resolution demands a modification of the 'rights of capital'" (161) in the larger interest of maintaining accumulation. The regulatory agency deploys its powers to ensure that competing units of capital conform to a larger "national interest" that, in turn, is constructed in the "long-term political interests of the hegemonic fraction of the dominant class" (154).

All of these interpretations are problematic, however. Public interest and market failure perspectives overlook the ways in which this instrument has functioned to both legitimate and encourage the growth of largely private capital, while capture theories subscribe to an instrumentalist vision of the state, as well as overlook the ways in which the very structure of the instrument is focused on encouraging or shepherding capital growth. Indeed, as Liora Salter and Rick Salter (1997, 313–14) point out, "of course regulatory boards and tribunals are captured. They are set in place precisely to fashion compromise; they are often created by request from industry; they establish regimes of co-management." Mahon's (1980) notion of the regulatory agency as an "unequal structure of representation" offers an improvement over these interpretations in that she illustrates that the process of regulation favours the representation of particular groups or interests. However, her reduction of the board to an expression of class forces reduces the complexity of those forces to simple class interests and thereby obscures both the wide range of social interests that might struggle for representation in regulatory decisions as well as particular interests of the Canadian state itself in the process of regulation. This formulation also forecloses on the possibilities of progressive social action in the regulatory arena – possibilities presented by the divergence of the range of interests occupying the field.

The Crown Corporation

Although government-owned corporations were created as early as the mid-1800s, these were basically administrative in structure, and their productive activities were confined to supplying and maintaining commercial and industrial infrastructure, generally in direct support of private capital (Gracey 1982). It was not until the creation of the Canadian National Railway (CNR) in 1919 that the government invented what the Privy Council ([GD] Privy Council 1979, 125) calls the "first entrepreneurial Crown-owned company – meaning a company that provided goods or services in a competitive market, or on a financially self-sustaining basis." This latter type of Crown corporation was distinguished from its predecessors in that it was structured to undertake productive activities, including the production and disposition of capital.

The path to this form of government ownership was an extension of that to the creation of the regulatory board. The allocative structure of state support for railroads imposed few checks on construction as long as it was perceived as stimulating economic growth and, consequently, garnering political support.

Coupled with economic prosperity, state support of the extensive capitalization of the system eventually led into areas where market forces were unable to support the railway's operations and contributed to an overbuilding of the railway system (Innis 1933, 48).

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

Still, given the record of political abuses that had accompanied government supervision of such enterprises in the past, direct state ownership was not viewed as a viable option. The 1917 Royal Commission on Railways and Transportation strongly recommended that the railways should be owned by the state but "handed over to a board of trustees to control and manage on behalf of, and on account of, the people of Canada" ([GD] Royal Commission on Railways and Transportation 1917, li). From these recommendations an order-in-council constructed an independent "nonpolitical, permanent and self-perpetuating corporate entity," and over the next several years a variety of unprofitable roads were acquired by the government and entrusted to that company (Innis 1933, 49). As Anthony Perl (1994, 52) argues, however, the institution of the CNR was more than a "tentative and reluctant starting point on the road to national public enterprise." Rather, the "politics that introduced public enterprise across Canada contained a new expression of national economic sovereignty, one that was made possible by an increase in state autonomy and a strengthened state capacity that were sufficient to redirect the course of Canada's industrial development."

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

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

> Government ownership is fundamentally a phenomenon peculiar to a new country, and an effective weapon by which the government has been able to bring together the retarded development and the possession of vast national resources, matured technique, and a market favourable to the purchasing of raw materials. It was essentially a clumsy, awkward means of attaining the end of immediate investment of tremendous sums of capital, but it was the only means of retaining a substantial share of the returns from virgin natural resources. Canada's development was essentially transcontinental. Private enterprise was not adequate to the task, although the success of government ownership has tended to obscure the paramount importance of its contributions during the early stages of capital development.

In other words, through both subsidy and direct ownership, the early Canadian state was able to extend communications, rapidly secure territory, and develop resources while deferring the cost of that development through legislative structures. With the Act of Union, Confederation, and the National Policy, the state constructed a political framework for the support and encouragement of private investment capital. State ownership, direct subsidies, and loan guarantees were the means through which this support was carried out. In effect, these institutional arrangements acted as vehicles for mortgaging the resources of the country against the future returns of the private sector. However, in the face of stilted economic growth, the emergence of a diverse set of vocal social interests, and an increasingly complex array of issues requiring national attention, public ownership took on new proportions. The Crown corporation was the result of the state's efforts to meet the exigencies of this new environment – a formal structure for financing the rapid development of resources and a further extension of the bridge between the state, private capital, and resource development. While the creation of the CNR seemingly reversed this logic in that it was created after development had taken place, its institution follows this larger pattern. As Perl (1994, 51–52) argues, "the politics that introduced public enterprise across Canada contained a new expression of national sovereignty, one that was made possible by an increase in state autonomy and a strengthened state capacity that were sufficient to redirect the course of Canada's industrial development."

While a wide range of Crown corporations were created over the next 100 years, as Edward Iacobucci and Michael Trebilcock (2012) illustrate, the economic rationale still plays a strong role in these institutions and, while many of these have not always been directly involved in rapid exploitation, like the CNR, many have played an important role in sustaining economic relationships.[11] Moreover, like the CNR, Crown corporations deployed in economic development, even those in "competitive" fields, have not generally presented a threat to private accumulation. As Chandler (1983, 209) illustrates:

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

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

Because of this propensity and the perception of economic inefficiency that arises from it, Crown corporations have also suffered criticism from a wide spectrum of political and economic perspectives (Hodgetts 1973; Tupper and

Doern 1981; Prichard 1983; Iacobucci and Trebilcock 2012; Public Policy Forum 2016). To some degree, these criticisms overlook the fact that at the federal level, Crown corporations have often been deployed to further the state's own agenda – the development of political and economic relationships across a particular geography. As illustrated in the history of the development of the canals and railroads, the hegemony of private capital has never been guaranteed in this process. Rather, the development of private capital in Canada has often been prodded and sustained by state intervention, and Crown corporations have often been instituted to "fill in the gaps" in this larger productive system. Either they have provided a bridge between pockets of private capital in the extensive process of capitalizing a national system or they have undertaken projects perceived to be in the "national interest" that, for one reason or another, are beyond the reach of legitimate forms of private capital. Thus, while Crown corporations have given form to a productive rationale, this rationale has not necessarily been focused on creating a profit from their operations.

While over time the particular form and character of the regulatory board and the Crown corporation has shifted within the contexts of the situations in which they have been applied and the circumstances they have encountered, tracing the historical rationales these institutions embody provides an important starting point for understanding both their historical and contemporary impacts on political economic development.[12]

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