

**Proration could work**

Yet, the Canadian government has other means of achieving its aim. For example, it could adopt an amended version of the pro rata tax deductibility scheme for Canadian business advertising on US stations. The feasibility of such action is supported by a 1983 study of Bill C-58's financial consequences by Donner and Kliman, which observes that a formula which prorates that legislation "on an equitable basis for all the participants can be easily defined." In addition, revenue earmarked by Canadian broadcasters for priority domestic programming could be made eligible for matching public subsidies under an expanded Canadian Broadcast Program Development Fund, which supports domestic program production. Moreover, since Canadian television is generally a lucrative enterprise, despite its continuing need for program production support, Ottawa could require stations which have exceptionally large profits to use their excess earnings to augment their domestic programming.

**Benefits of action**

Any relaxation of Bill C-58's provisions with respect to broadcasting undoubtedly would be opposed by the Canadian television industry. However, modifications such as those identified here could produce a number of beneficial consequences. First, they would maintain an incentive for Canadian businesses to advertise on domestic stations. Second, they would promote Bill C-58's ultimate cultural

purpose. Third, the changes would minimize the possibility of future bilateral friction over the measure. Fourth, they would strengthen Ottawa's case in resisting possible US pressures to allow *Time* magazine to reestablish in Canada. The principle involved is that neither country is obliged to extend special treatment to the other to the detriment of its own interests. (Bill C-58 affected *Time* by putting it on the same footing as other foreign periodicals from the standpoint of Canadian advertisers. It replaced previous Canadian legislation that contained a special exemption which permitted *Time* to operate in Canada on equal terms with domestic publications which did not enjoy the same competitive advantage.)

The bilateral economic consequences that can result from cultural protectionism will make it difficult to exclude cultural issues from Canada-US free trade discussions. American opposition to Ottawa's restrictions clearly shows that the US is unwilling to pay the price of Canadian cultural measures that arbitrarily disadvantage US interests. Yet, this does not necessarily mean that free trade and cultural sovereignty are incompatible. As the border broadcasting example shows, the *methods* used to pursue cultural goals do make a difference. However, we have neglected their importance. We ought to take them more seriously. For to confuse policy ends and means is to preclude the search for effective options through which we can ensure our cultural sovereignty. □

**Still rosy**

*Life after the North Sea*

**OPEC's future**

by Richard D. Vanderberg

It has become fashionable to predict the forthcoming demise of The Organization of the Petroleum Exporting Countries (OPEC). Such predictions appear to be based more on wishful thinking than on the facts. They ignore two conditions. The first is the supply and demand factors affecting the international petroleum market; the second is the nature of OPEC as a political organization — as an intergovernmental organization of thirteen developing states.

When these two failures are rectified by even a cursory examination of the existing factual information which is available, the predictions are altered significantly. Then the long-term future of OPEC is seen to be bright. Shortly after 1990 OPEC countries will have a virtual monopoly in the international supply of oil. That means it will be able to unilaterally set the international price of oil.

**Changes in the industry**

Additionally, the nature of OPEC activities has been changing rapidly. It is no longer concerned exclusively with the production of crude oil. In recent years OPEC countries have been moving from being somewhat insignificant suppliers of crude oil to also refining and marketing that oil. They have been building their own refineries. These are among the most advanced and efficient in the world — much more so than most refineries in Europe and North America. Those OPEC refineries are one reason why refineries in North America, including Canada, and in Western

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