

## **CBC deserves a better argument**

June 17, 2011

By Brian Lee Crowley, The Ottawa Citizen

I have fond memories of the CBC. As a child I loved metaphorically sitting in the rocking chair the Friendly Giant set out for me. The music of Hockey Night in Canada announced a ritual of shared nationhood. No evening was complete without listening to the late Barbara Frum pick over the day's news with those who made it. I had the great privilege of serving as a member of the National Political Panel on Morningside with the late Peter Gzowski. I still miss Max Ferguson's and Clyde Gilmour's eclectic and idiosyncratic Saturday music programs.

There is doubtless room in our country for a state-financed broadcaster aspiring to the highest ideals of public broadcasting. Independence and objectivity in the news, a focus on distinctive Canadian cultural and sport programming in entertainment.

But that is not the CBC that we have today, and the world has changed. The cost of producing video and audio programming has plummeted, and the means by which consumers can seek out what they want in culture and entertainment have multiplied beyond yesterday's wildest imaginings. That means that the Mother Corp and its \$1-billion-plus budget must now be defended as never before. Unfortunately, while there is a case to be made for the CBC, I haven't heard it.

Instead we get own-goals scored by the CBC itself like the report they released recently purporting to demonstrate that the \$1.1-billion in taxpayer dollars spent on the Crown corporation produced more than 3 times that impact on the economy. In the breathless account of one television critic, "Like the best public investments, it not only provides a key service, it also is expected to have a positive economic spinoff. And it does."

Ah, well, no. Studies like this consistently make the same elementary mistake. They look at the money spent on some project or program, be it the CBC, or a sports arena, or a hydroelectric dam, and they say, "look at all the jobs created and the services consumed by this spending." They count that as a benefit to society. That's exactly what it is not. All those things are the *costs* to society required to get the benefit the project will produce.

Every hour of labour and nail hammered and dollar spent building the dam or creating television drama, is a scarce resource not available to do something else. The benefit is the electricity generated for consumers or the enjoyment of the TV production by its audience. When the costs are higher than the benefit, the project destroys value, it doesn't create it.

But wait, cry the defenders of these silly studies, the jobs created by spending on these projects would not otherwise have existed, so they really are a benefit.

No. Sorry. The money comes from somewhere. In the case of the CBC, it comes from taxes on you and me. I don't know about you, but if the government didn't take \$34 from me (the average

per capita cost of the CBC), I would have spent that money on something else. I would not have put it in a sock under the bed.

And whatever I spent that money on (books or theatre or clothes or travel or doughnuts) would also have a measurable effect on the economy. We could calculate the spin off effects of millions of Canadians spending the money left in their hands, and it would surely be just as impressive as the conclusions of this Deloitte study for the CBC's management, because all the people we gave our money to would turn around and give it to other people to buy stuff, and those other people would do the same, ad infinitum.

In fact, as Andrew Coyne once argued, you can achieve the same effect by taking a billion dollars and throwing it out of a helicopter over Canada's cities. People would pick it up and spend it and the spin off effects would be vast and impressive. But it all would have started with the wasteful throwing of the money out the door.

The inescapable fact, then, is that the money spent on the CBC does not create new economic activity that would not have otherwise existed. It creates activities that politicians prefer to the ones we would have chosen ourselves had they left the money in our pockets.

Now that we've got that cleared up, I look forward to the CBC making a serious argument justifying their continued existence based on the benefit they provide, not on what they cost us. Because while the TV critic I quoted earlier may know little of economics, he's on to something when he wrote in another column, "In 75 years [the CBC] has morphed from a cultural institution to a glorified karaoke club." Better make that argument quick.

*Brian Lee Crowley is the Managing Director of the Macdonald-Laurier Institute, an independent non-partisan public policy think tank in Ottawa: [www.macdonaldlaurier.ca](http://www.macdonaldlaurier.ca).*