MA Master's Research Paper

Changing Channels: An exploration of
disruptive technologies and the challenges they pose
to English-Canadian television production and distribution

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I grew up in a hole in the woods outside of Peterborough, Ontario. Ours was the only house for quite a stretch on what used to be a dusty gravel road. We had a television, but didn't watch it much. We didn't have cable. We didn't have satellite. We didn't even have an antenna. We had rabbit ears and that was about as high-tech as you could get in Ennismore in the late 1970s and early 1980s.

All you could pick up with those rabbit ears –on a clear day– was Channel 12, CHEX TV, a CBC affiliate based in Peterborough. My childhood menu of TV viewing was limited to whatever CHEX had on the schedule: the farm report (after school I could see how trading went at the hog auction); *The Mighty Hercules* (a low-budget animated hold-over from the 1960s, airing after the farm report. I would learn years later that *Hercules* was an example of the peculiarities surrounding Canadian content regulations¹); incessant repeats of *Gilligan's Island*; and *The Beachcomers* (Sunday after my bath).

Saturday morning was a problem. I desperately wanted to watch *The Smurfs* – a cartoon featuring thumb-sized blue creatures that sang a lot. But *The Smurfs* aired on Global and we didn't get that channel. I did, however, discover that if I moved the TV in front of the porch door, placed the rabbit ears at a specific spot against the screen and held them there, I could hear *The Smurfs* – and every few minutes the snowy static would scatter, revealing a perfect picture of singing, dancing, giddy blue creatures.

I bring this up not so I can relive a frustrating period of my childhood, but to illustrate how *the audience always finds a way*. The audience wants to be able to watch a program when they want – in fact most every technological innovation adopted by the television industry has had some aspect in its design to fulfil that desire. I'm interested in how technologies facilitate audiences in finding a way to watch what they want to, when

they want to. I'm also interested in (and to be frank, somewhat anxious since I work in television²) what new pitfalls and possibilities the latest technologies pose for the future of television production and distribution in Canada. As we'll learn later, there are technological changes afoot that could sideswipe the effort of generations of Canadian broadcast policymakers – and topple the Canadian television industry in their wake. Ours is a fragile television broadcasting system, crippled by a deeply divided policy framework based on two opposing philosophies –one that puts an emphasis on television's role as a public service and another that emphasizes its commercial purposes and profitability. I will evaluate whether that policy framework is equipped to safeguard Canada's precarious television industry against what some say is an inevitable tidal wave of American domination heading our way. But first I want to investigate whether American domination of our TV sets is such a horror. If television doesn't really *matter* when it comes to our cultural and national sovereignty, I might as well stop writing right now. But as we'll learn, it does matter. While there is much debate over how television plays a role in our functioning as a sovereign society – there is a general consensus that *something* is happening when we watch TV. It is to the problem of what that *something* is that I turn to first.

–I–

Canadian Identity and the Role of Television

Canada's geographic proximity to the world's cultural superpower has consistently placed its citizens downwind of American culture.³ As Richard Collins and numerous others have observed, international trade in audiovisual works “follows the general direction of international cultural flows: from the United States to the rest of the

world ... Nowhere are these international tendencies more apparent than in Canadian television” (Collins, pp. 4-5). In terms of television, “the most pervasive and popular” of the cultural production areas (Jeffrey, p. 206), transborder flow of programming is regarded by many “as a kind of pollution of the airwaves – an involuntary and unwelcome import, like acid rain” (Collins, p. 71). Central to this argument of ‘cultural nationalism’ is the belief that American influence is both economically and culturally destructive. On one hand, there is the problem of economic imperialism, on the other, the pervasion of American values⁴. As Robert Fowler put it in the 1957 Report of the Royal Commission on Broadcasting, which he chaired:

The natural flow of trade, travel and ideas runs north and south. We have tried to make some part, not all, of the flow run east and west. We have only done so at an added cost borne nationally. There is no doubt that we could have ... cheaper radio and television service if Canadian stations become outlets of American networks. However, if the less costly method is always chosen, is it possible to have a Canadian nation at all? (Canada, 1957).

Cultural nationalists share much of their theoretical stomping ground with ‘media imperialism’ or ‘cultural imperialism’ theorists (Schiller, 1969; Smith, 1980 and Tunstall, 1977) who’ve often illustrated their arguments with discussion of the Canadian experience. The media imperialism argument also focuses on issues such as the dumping of cheap American television programming into the distribution channels of smaller nations, and the market dominance of Western news agencies such as CNN.⁵ The argument asserts that the media has an overwhelming importance in the process of cultural domination – in other words, the media is at the centre of cultural processes and issues of cultural domination are about *media* domination.⁶

Herbert Schiller, an architect of the media imperialism theory, observes that “Canada’s radio and television airwaves are dominated by American programs. Many

Canadians feel, consequently, that much of the broadcasting they see and hear is not serving Canadian needs” (Schiller, p. 79). The danger, Schiller argues, lies in the subtle impact American television programming could have on Canadian minds.⁷ But is it possible that the simple act of sitting in front of the tube and watching a frothy American sitcom erodes notions of national identity – eating away at Canada’s cultural sovereignty, replacing it with populist, American-style cultural homogeneity? The theory of cultural imperialism is held back by one chief weakness: the difficulty in quantifying the theory’s claims. Measuring the contribution of television to citizenship (or its ability to erode that citizenship), let alone the formulation (or erosion) of a national cultural identity, has proven an impossible task for proponents of cultural imperialism theory. It is a hole in the argument that critics are quick to denounce.

Tracey and Redal criticize cultural nationalists for employing “elegant theory resting on flimsy fact”⁸ and characterize its claims as hyperbole⁹ (Tracey and Redal, p. 343). Collins points to the simple truth that Canada hasn’t been annexed by the United States as evidence that the cultural imperialism thesis is unfounded (Collins, p. 179).¹⁰ Indeed, despite difficulties in getting Canadian programming onto Canadian screens to be viewed by Canadians, Canada has persisted.¹¹ For Michael Adams, the differences between the U.S. and Canada aren’t blurring at all – the reverse is happening: “At the most basic level –the level of our values, the feelings and beliefs that inform our understanding of and interaction with the world around us– Canadians and Americans are markedly different, and are becoming more so” (Adams, p. 4).

Critics of cultural nationalism theory take particular issue with the assumption that if television flows across borders, culture (or, in this case, ‘Americanization’) flows

too. For Fred Fejes, this is a relic of the hypodermic needle (or “powerful effects”) model used in propaganda research conducted before and after the Second World War – a relic that has been, he asserts, correctly dismissed in all other areas of communication research (Fejes, 219-232, 345)¹². De la Garde concurs, calling it an “unwarranted conceptual shortcut” that reveals a central flaw in the nationalist’s argument: “people are not mirror reflections of their environment; rather, they are prisms.” Culture, he argues, is a “dynamic process of sense-making” that does not end in the simple act of consuming a foreign cultural product like a television show (de la Garde, 1987, p. 191).

An alternative to the theory of cultural nationalism is the ‘continentalist perspective,’ in which culture is formed through a nation’s relationship with its most important economic partners and/or geographic neighbours (Caron and Bélanger, p. 136). Other theorists take this notion a step further, employing terminology like ‘consumer sovereignty’ and ‘free markets’ in an argument that consumer interest in lower prices is best served by deregulation and unfettered competition. “From this perspective, historical attempts to support and promote Canadian cultural production are dismissed as economically inefficient ... the complaint is that government should not be allowed to dictate what viewers watch.” This idea relates to another charge from the anti-cultural imperialism crowd: that “policies to encourage Canadian content in the private broadcasting sector have failed” (Jeffrey, p. 214).¹³ It is a stance that, perhaps predictably, Canada’s private sector broadcasters and cable advocates identify with. In 1985, the president of the cable lobby said in his association’s newsletter:

Key figures in the communications industries are trying to whip up an air of crisis by using the terms ‘identity’ and ‘cultural sovereignty’ interchangeable [sic] ... Ask the average Canadian if he feels his sense of identity – much less cultural sovereignty – is being eroded because he watches *Dallas* on Fridays, and he’ll

think you're crazy ... What Canadians want is more choice and less government (Hind-Smith).

The research touted by cultural imperialists is also criticized for often overlooking what others consider an obvious fact: it applies overwhelmingly to the Anglophone situation in Canada. Since Quebec shares a border with the United States, we might expect to find examples of rampant erosion of French Canadian culture. Yet what we find is "a thriving Quebecois spirit, with a desire to bring out the traits that characterize its people" (Caron and Bélanger, p. 146). "Imported programming, whether from the U.S. or France or anywhere else, has little impact on Quebec." The Francophone networks are dominated by domestically produced programming (Tracey and Redal, p. 351). If there is a phenomenon afoot, it is not a national one – it is a problem particular to the English-language television environment in Canada.

For Marc Raboy, Canada's "linguistic duality is one of the most unmistakable, irreducible forms of Canadian distinctiveness. The challenge remains to try to find an institutional arrangement that turns this into a source of strength" (Raboy, 1996 [a], p. 172). So far, Canada's television industry (public and private) has done little to reflect that duality back to Canadian viewers. There are some 30 million Canadians; some seven million are French, with some 90 per cent of those live in Quebec. But as Mark Starowicz observes, "there is not a single regularly-scheduled programme on either the private or the public English networks which would lead a stranger to this Canadian reality without consulting an encyclopaedia." One could watch almost all of Canada's English-language fiction programming and never encounter a French Canadian. "It's possible to prove," posits Starowicz, "that Donald Duck has gotten a higher profile on

Canadian-owned and operated English stations than French Canada” (Starowicz, 1993, p. 97).

Does it really matter if Donald Duck gets more screen time than French Canadians? According to Claude Martin, yes. For him, “television is central in any discussion of the thesis of cultural imperialism and transborder flow of cultural products in a free-market economy because it is central to the social construction of a public culture” (Martin, p. 275). A television system that gives more airtime to an American duck than to representations of the Francophone population is not reflecting a true image of Canada to Canadians. The problem of reflecting a true image of Canada runs as a continuous current through the numerous royal commissions and task forces struck to investigate the cultural sphere in Canada.¹⁴ In 1951, the Massey Commission worried that:

[A] vast and disproportionate amount of material coming from a single alien source [the U.S.] may stifle rather than stimulate our own creative effort; and passively accepted without any standards of comparison, this may weaken critical faculties. We are now spending millions to maintain a national independence which could be nothing but an empty shell without a vigorous and distinctive cultural life (Canada, 1951, p. 18).¹⁵

For the Massey Commission, “culture would provide the bulwark to construct a strong nation with all its critical faculties intact, and to ward off the potentially harmful effects of creeping continentalism in the form of American mass culture” (Dowler, pp. 337, 338)¹⁶. Yet despite the urgings of the Massey Commission, little headway was made in boosting the amount of Canadian content appearing on English-Canadian screens. Less than a decade after the Commission, some 75 per cent of all viewing time in Canada was spent watching U.S. television on U.S. stations or Canadian ones (Segrave, 42)¹⁷. The U.S. was exporting more than twice as many programs as all other

countries combined (Segrave, p. 125). And some 60 per cent of all English-speaking Canada was now within range of one or more U.S. broadcast outlets – some built solely to attract Canadian viewers.¹⁸ And it didn't stop there. By the mid-1980s, two out of every three programs available on Canadian screens was American. Canadians spent three out of every four viewing hours watching American shows (Segrave, p. 195). By 1995, Canadian spending on U.S. television programming hit \$157 million (Segrave, 239), contributing to the ballooning of the American cultural industries, which now comprised the largest export surplus area for the U.S. market, next to aerospace (McAnany and Wilkinson, p. 4)¹⁹.

It's easy to calculate the number of hours of television programming that's imported into a country. It's much harder, if not impossible, to assess cultural changes in audience members due to their exposure of imported media (Boyd-Barrett, p. 180). The difficulty, argues Andrew Graham, lies in the fact that such exposure is by its nature immeasurable. For the majority of people, television is the "major source of information about the world," providing not only the hard facts, "but also the fuzzy categories—the social, ethnic, psychological, etc., concepts within which we must make sense of the world. It also supplies a set of fantasies, emotions, and fictional images with which we construct our understanding (or misunderstanding) of all those parts of society beyond our immediate surroundings." Television, Graham contends, is not just part of how we see ourselves in the relation to the communities within which we are embedded, but it is also part of "how we understand the community itself—and indeed part of where the very idea of community arises and is given meaning" (Graham, p. 17). For example, consider the moments when Canadians watch issues of race being dealt with on television. It is

almost always on programmes like *Law & Order*, or *The O.C.*, or *Survivor*. “But the 300,000 plus black people in Toronto are mostly from Caribbean cultures, and have little in common with American blacks.” Canada certainly has issues of racism that it struggles with, “but our problems and their solutions are not those that are presented on our screens. Our mirror is showing someone else’s reality” (Starowicz, 1993, p. 97)²⁰.

Canadian identity and television: A new battleground

Whether Canada’s cultural integrity is in danger due to Canadian viewing of American television is an unanswerable question – at least in a quantifiable way. Placing our bet on the notion that television *doesn’t* play an important role in the formation of our national cultural identity is a hazardous gamble. At best, we risk serious damage to an already fragile industry. At worst, we risk more quiet erosion of our cultural sovereignty. The stakes are even higher given new technologies on the horizon that ‘promise’ (or ‘threaten,’ depending on which side of the cultural nationalism debate you position yourself) even more American programming ‘choice’ in the future. These technological changes may render moot much of the discussion over television’s role in national identity formation. “The next round of technologies may enhance cultural exchange on a far more decentralized and personal level” (Newcomb, p. 109). They promise to “amplify the easy experience of expressive culture” while creating a demand for ‘product’ that exceeds all conventional production and distribution models. “In such a situation,” says Newcomb, “it is the industrial structure that both alters and is altered by changes in policy, economics, and technology; those changes in turn alter modes of cultural expression” (Newcomb, p. 96). As I’ll present later, there are potential windows of opportunity for the Canadian television industry and its audiences in this new

environment – but only if Canada’s television industry begins the work of preparing itself today for the challenges that lay ahead tomorrow. It is to those challenges that I turn to now.

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Canada’s Television Industry and New Technologies of Audience Empowerment

American programming dominates the current television schedule in Canada in part because of Canada’s unquestioning adoption of disruptive technologies like cable and satellite which dramatically altered the production and distribution of television programming in Canada and “made American networks and services as easily accessible anywhere in Canada or on a local Canadian station” (Starowicz, 1993, p. 88). In terms of recent technological advances that will likely again disrupt traditional conventions in Canadian television production and distribution, the newest service on the block is video-on-demand (VOD). While various interpretations of it exist,²¹ true video-on-demand offers viewers access to a seemingly unlimited roster of television programs at any time – with VCR-like functionality (for instance, viewers can record, pause, stop, fast-forward and rewind programs). For television producers, since VOD is based on the digital distribution of programming, this offers a new and attractive means of reaching viewers directly. The convergence of digital distribution and on-demand functionality makes it possible to abandon the conventional broadcast (or one-to-many) model traditionally employed in television – and allows for the entry of a new, direct-from-producer-to-viewer model. For the viewer, VOD promises to be a realization of a service in which he or she gains unprecedented control over their television experience. As Bruce Owen puts it, “the viewer decides not only what to watch, but when to watch it” (Owen, p. 8).

The hardware (i.e. appliance) and software (i.e. distribution model) that will ultimately win the battle to serve VOD television remains hotly contested. From cable companies to software developers, companies are currently investing heavily in research and development for VOD services – their goal to create the “killer application” that will dominate the future VOD television market. Will it be through set-top television boxes or personal computers? Will the main distribution model be one of producer-to-viewer, or will peer-to-peer models dominate? Whichever approach ultimately prevails, whichever method ultimately becomes the favoured one for delivering programs to audiences (or, audiences to programs), all video-on-demand facilities have one thing in common: “viewers can now adopt, if they wish, a more active attitude towards television. They can take advantage of the possibility to watch almost any program at the most convenient time to them, making their television consumption a matter of choice rather than ‘fate’” (Chalaby and Segell, p. 365). For instance, in a VOD environment, we can come home from a long day at work and call up the local news at our convenience. “Television will become completely à la carte,” predicts Mark Starowicz. “The idea of a channel is really an old style of thinking” (Starowicz, 1996, p. 238).

As Liss Jeffrey reminds us, “available viewing time is a finite resource” (Jeffrey, p. 216). Viewing hours tend to be fairly inelastic. “Even in a Canadian winter only so much time can be devoted to television viewing” (Collins, p. 71). The breakthrough application of on-demand TV is its ability to destroy the “tyranny of linear time” (Starowicz, 1996, p. 238). The analogy of buying magazines neatly illustrates the illogical demand made on television viewers by the industry’s conventional distribution model. Let’s say you are a subscriber of a magazine. That magazine comes to your door

once a month (or week) and you have the luxury of reading it at your convenience. But what if that magazine was delivered to your door precisely at 8:00 p.m. on a Thursday night – and the mailman insists he'll return at 9:00 to collect it? You have an hour to read your magazine – whether you're sick, looking after the kids, or just not in the mood to read it at 8 p.m. While that scenario sounds ludicrous, it's exactly the demand made on viewers in the conventional broadcast distribution model. Whereas conventional broadcast distribution "makes everyone simultaneously present for a common, centrally produced message," VOD distribution technologies disconnect everyone "from the centre and from simultaneity ... Viewers remove themselves from the schedules and rhythms of centralized broadcasting and follow the vagaries of individual motivation" (Attallah, p. 260).

Early iterations of VOD services that exist today are largely being used for the distribution of feature films. While that may have implications for the film industry, my interest in is the application of VOD technology to television program distribution. One such application is the Personal Video Recorder (PVR), a set-top VOD system that enables television viewers to watch whatever programme they want, whenever they want. In the United States, a PVR product called TiVo is the first to make real inroads. But currently coming to the television market (including Canada's) is a roster of new TV set-top boxes that have VOD technology built-in. Once they reach a wide level of diffusion, VOD technologies like PVRs will have tremendous impact on the television industry, dramatically transforming the production, distribution and viewing models that have been mainstays in the industry since its inception. As Nicholas Negroponte put it, "the key to the future of television is to stop thinking about television as television" (Negroponte, p.

48). Indeed, VOD technologies have the capacity to “replace the old one-way, point-to-point mass broadcasting model, driven by audience demand for more genuine control, which originated with the remote control and VCR” (Jeffrey, p.231).

Control-enabling technologies in an evolving television system

The widespread diffusion of television sets in the 1950s and 1960s transformed the way Canadians spent their leisure time and even how they perceived the world. The last two decades of the 20th century saw a remarkable number of new television-interfacing technologies come along. All of them, in varying degrees, have enhanced the control viewers have over what they watch – and *when*. As Jan van Dijk and Loes de Vos remind us, “controlling action,” or the extent of an individual’s control over the action process, “is the most important dimension of interactivity in communication science” (van Dijk and de Vos, p. 450). Certainly it ought to be closer scrutinized in the disruptive technologies that have been adopted by the television industry.

The remote control had a revolutionary impact on television network programming. At first, in the 1960s, remote controls were luxury items that did little more than slowly rotate the old mechanical tuners of the day. But as Owen tells us, “by the early 1980s a large portion of new television sets were shipping with electronic tuners and random access remotes” (Owen, p. 102). Elaborate programme schedule strategies were developed to mitigate viewers’ new power to click away during commercial breaks and ‘channel surf.’ As it turned out, Canadian television viewers were largely surfing American television fare, a problem that was dramatically exacerbated with the arrival of another “control-enabling” technology, cable television (Segrave, p. 133).

By the early 1980s, Canada was the most cabled country on earth²². Subscribing to a cable service allowed the average viewer to increase the number of channel choices by a factor of three to five. But the explosive growth in cable wasn't driven by Canadians' desire to see more of themselves on Canadian screens via domestic programming – it was driven by a demand for distribution of American broadcast signals from Canadians who couldn't pick up U.S. channels reliably by antenna (Collins, p. 70)²³. The optimists of the day, however, touted cable as a technology that would save the Canadian television industry. As one unidentified Canadian federal government source put it, "If we can just keep people hooked to cable, where Canadian stations and Canadian non-broadcast services (such as coverage of parliament) will still get priority spots on the dial, then we can look at ways of beefing up the appeal of the Canadian shows on those channels" (Green, [Patricia], p. 60). But the real victor in Canada's cable infrastructure investment was U.S. television. The abundance of new programming options became a choice between American programmes. "The country which set out to be a leader in the television age became one of its casualties" (Starowicz, 1993, p. 84)²⁴.

Just as cable television was exploding in popularity across Canada, yet another control-enabling disruptive device was entering the mass market: the Video Cassette Recorder (VCR). The VCR's arrival in the late 1980s allowed "timeshifting," meaning viewers could record programs and watch them at another time more convenient for them.²⁵ That new function provoked anxiety among traditional television stakeholders (especially networks and advertisers), and they even banded together in an unsuccessful attempt to suppress the entry of the recordable VCR on the market. But their fears were unrealized - timeshifting was never more than a modest success. "For most people," says

Owen, “one television show is a pretty good substitute for another, and few shows are sufficiently better than the average to be worth the trouble of programming a VCR. Accordingly, most VCR use was limited to playing rented movies” (Owen, p. 22)²⁶.

The failure of timeshifting can be blamed on the fact that the VCR has been a notoriously cumbersome product to program since its inception - some fault lies in the lack of common user interface design principles among VCR manufacturers and the fact that cassette tapes were an added cost and bother to the process (these are two challenges that VOD technologies such as the PVR have overcome). The VCR also fails miserably in the one area that television viewers need the most help: it doesn't remember things when we forget. Personal video recorders do. A VOD-enabled PVR is essentially a computer attached to your TV, operating on the same search-and-retrieve principles as internet search engines, but with a simpler interface. In fact, it's easier to program a month's worth of program recording on a PVR than it is to set the clock on most VCRs. And some PVR's do even more. For example, TiVo in the U.S. actually second-guesses a viewer's programming tastes. After monitoring a user's viewing habits, the system begins recording programs it 'thinks' the user might be interested in (based on a set of criteria that's programmed into a database). The viewer ends up with his or her own personal TiVo network, filled with VOD programs the system determines the viewer will like, all viewable at his or her convenience.

VOD technologies present Canadian viewers with a smorgasbord of programming choices – or at least the *illusion* of choice, if you follow the theories of people like David Morley, who argues “the power of viewers to interpret meanings is hardly equivalent to the discursive power of central media institutions to construct the texts that the viewer

interprets” (Morley, p. 16). Morley is not alone in his critique. The multiple options available to the average viewer “slice up the family and re-individualize it,” argues Anthony Smith, “permitting and encouraging a new micro-consumerism, the pursuit of a fresh, but (temporarily) satisfying illusion of individual gratification through endless freedom and ‘choice’” (Smith, 1999, p. 125).

Choice or *false* choice – for some fifty years, the industrial and regulatory structure of television production and distribution has remained largely the same. All the while, control-enabling technologies have been causing significant change in the way people watch television. Now, with the advent of disruptive technologies such as VOD-enabled PVRs, upheaval across the gamut of television –industrial, regulatory, production, distribution and consumption levels– is inevitable. All of this will have significant cultural, political and societal implications. Television faces huge challenges with the introduction of these new digital distribution technologies and their inevitable disruption of conventional television viewing patterns. As Starowicz puts it, perhaps a bit bombastically, “We are witnessing one of the fundamental reorganizations of the world’s distribution and storage of knowledge: the hybridization of the computer, satellite, the visual archive, and broadcasting. Its scale parallels the great information revolutions of the millennium” (Starowicz, 1996, p. 239).

The diffusion of VOD technologies

“The passing of broadcast television need hardly move us,” says Paul Attallah. “It has not always existed and need not always exist. Our attachment to it may become to seem quaint” (Attallah, p. 278). That said, we must tread carefully here, and avoid

flying like moths to the lantern of technological determinism. Just because a technology is available doesn't mean it will be used in the most likely fashion. And while fatalistic predictions of cultural doom and annihilation often accompany the entry of a new communication technology, we ought to consider such predictions with some skepticism. Jaques Attali, former aide to President Mitterand and founding president of the European Bank for Reconstruction and Development, put it well when he said:

When the printing press was invented in the 15th century, it was widely believed that it would ensure the universalization of the Latin language at the expense of the local dialects used by the various European peoples. In fact, the opposite happened. Through the use of this new information technology, each culture was able to flourish. This lesson will also hold for the media industry of the future, despite high anxiety on this side of the Atlantic ... that English-language Hollywood is destined to suffocate European civilization. And it will hold for the American side, despite their seeming conviction that nothing is sacred but market access, which, if they had it completely, would guarantee triumph in the worldwide cultural marketplace. It is in this context that the future of cultural trade must be considered (Attali, p. 26).

There is much skepticism, speculation and debate over where television is ultimately headed in regards to new digital distribution technologies – and there is little consensus, even among “industry experts.” Jan van Dijk and Loes de Vos conducted a survey among European, Asian and American industry executives and found a startling lack of common vision among them. “The responding producers ... have no clear image of the future of television as such ... One does not know which programmes and kinds of applications will prevail” (van Dijk and de Vos, p. 455). One consensus the authors did spot among the experts was a fairly strong inclination that the future of television would somehow involve convergence with the internet. I think, however, too much attention has been focused on the internet as the medium that is driving change in the television industry²⁷. As John Robinson and Geoffrey Godbey put it, “interactive entertainment on

the web or elsewhere can never substitute fully for conventional television because it cannot satisfy the need to be entertained passively. We often are not as effective at amusing ourselves, even with all the tools of our community and culture, as we are being entertained by another” (Robinson and Godbey, p. 312). The computer will not replace the television as a viewing device, Owen argues: “It makes no sense. Most of the things for which a computer is useful ... require the user to be next to the hardware.” With television, however, “it is the opposite. If what is imagined is the TV set as a web browser, then we are envisioning not a personal computer/television, but, rather, a television with a specialized digital capability” (Owen, p. 37).

One only needs to look at the spectacular failure of WebTV²⁸ to find evidence of the average television viewer’s reluctance to use their television to surf the web. Using web-like tools to ‘search’ and ‘surf’ television, however, is a very different story. Until recently, the emphasis has been misplaced, focusing on giving consumers tools to access the internet through their television. The way of the future is likely in providing consumers with internet-like ‘search’ tools to access their television ‘hardware’ (or digital database archives). Ultimately, the function of the internet in the future of television may be in its assistance in making viewers comfortable with web-like search-and-retrieve principles (for example, browser interfaces, search engines, portal functionality) or file-sharing and swapping services. Any of these web-style “gatekeepers” may win out to become the interface for VOD services. The yet-unanswered question is whether consumers will want that much control over their television viewing habits.

The diffusion of VOD technologies is not a given certainty. “This vision of an interactive culture remains a relatively distant vision ... based on a number of significant technical, financial and creative hurdles that still have to be overcome” (Steemers, 1999, p. 231). Those hurdles run the gamut from technical issues (processing power, bandwidth, storage) to the key challenge: consumer demand. According to Everett Rogers’ (1983) model of diffusion, in which he notes five characteristics that play central roles in the diffusion of an innovation, video-on-demand television will only become successful when it:

- 1) Can be introduced on a large scale (see Rogers’ notion of *Compatibility*, or the degree to which “innovation is perceived as being consistent with the existing values, past experiences and needs of potential adopters” [Rogers, p. 15]);
- 2) Proves to be user friendly (see Rogers’ notion of *Complexity*, which relates to the “degree to which an innovation is perceived as difficult to understand and use [Rogers, p. 15]);
- 3) Is available to people to test out (see Rogers’ *Trialability* concept, which contends that when an individual is considering the innovation for adoption, they need to be able to experiment with it first);
- 4) When people start hearing about the technology from friends and family that are using it successfully (see Rogers’ notion of *Observability*, which is described as “the degree to which the results of the innovation are visible to others” because the easier it is for individuals to see the results of the innovation, the more likely they are to adopt it [Rogers, p. 16]).
- 5) And, most importantly, offers a clear and decisive surplus value as compared to current broadcast/cable or satellite television (see Rogers’ definition of *Relative Advantage*, which refers to the “degree to which an innovation is perceived as better than the idea it supersedes [Rogers, p. 14]).

Whether VOD technologies ultimately prevail, television is undoubtedly at a crossroads between the old (broadcast, mass appeal) and the new (audience control, niche appeal). Bellamy and Walker frame the shift we are witnessing as an “evolution” from an old generation into a new generation of television viewers:

In contrast to the *first generation viewer*, who had limited choice and extremely limited control of television; and unlike the *second generation viewer/user*, who has a degree of control that is recognized by the content provider over a relatively

limited, although increasing range of television offerings; the *third generation user* will have vast control over content, time and presentation mode. In the third generation, according to many industry and government supporters of the new television, the industry will have to conform to the desires of the television user – a complete reversal of the first generation and a major change from the transitional second generation (Bellamy and Walker, p. 147).²⁹

No matter how long it takes to reach mass diffusion, VOD technologies such as PVRs stand to have an enormous impact on the Canadian broadcasting industry. “While these delivery systems are still in their infancy, one can envision a not-so-distant time when producers will have the capacity to bypass the television networks and distributors to reach viewers directly ... PVRs will allow viewers to customize their viewing by creating personalized viewing schedules. The next generation of PVRs will allow viewers to trade files by emailing programs to one another. *Existing concepts of television viewing will change.*” (Canada, 2003, pp. 17-18, emphasis added).

Carrie Heeter (1985) has examined the factors involved in television viewing and programme choice among television viewers. She once conducted a study of channel selection by asking people to name the stations they watched most. Almost a quarter of them blinked blankly and responded: “I don’t know. I just watch TV”. George Gerbner also disputes the power of the television viewer. He argues that people watching television – even with a so-called empowering device like a remote control – are basically “aimless” individuals who seek more of the same from new technologies (Gerbner, 1993, p. 375). For truly passive “couch potato” behaviour we can look to the research of Aviva Rosenstein and August Grant (1997), who analyzed Nielsen ratings and concluded that people’s viewing habits are pretty much constant; despite the program or time of day they were watching TV. In effect, people who watch television are

creatures of habit – we have a date with our TV scheduled for suppertime, or first thing in the morning, and it really doesn't matter what's on – we'll watch, because it's our habit.

Of course not everyone ascribes to the notion that television viewers are passive lumps. On the opposite end of the spectrum we find those who hold fast to the idea that television viewers are active receivers of the content beaming from their sets. Among these folk are the “uses and gratifications” subscribers, for whom the notion of an active audience is a cornerstone. Uses and gratifications theory posits that media use is selective, motivated by a viewer's rational self-awareness of his or her needs and an expectation that those needs will be satisfied when he or she sits down to watch a particular show. Subscribers to uses and gratifications theory argue that control-enabling television technologies (like the remote control and the VCR) took off because people *used* them for *gratification* – they adopted the new technologies because they enriched their TV-viewing experience (Walker, Bellamy and Traudt, 1993; Rubin and Bantz, 1989). Robert Bellamy and James Walker go so far as to say the new generation of television viewers aren't viewers anymore – they're television *users* (1996).

Whether we use or are used by television, whether we're active or passive television consumers, the potential for added choice offered by VOD technologies will likely delight the average television consumer. But like the old anxiety over the VCR and timeshifting, VOD technology strikes fear in the hearts of television programmers, advertising executives, network bosses³⁰ – anyone with a vested interest in maintaining the status quo of the current television production and distribution model³¹. Politicians, regulators and academics are worried too, since television, as we learned earlier, may well play a major role in the shaping of our culture and perhaps even in our functioning

as citizens of a democratic nation. “Considering the growing importance of information and information technology to the industrialized world,” remark Crean and Rioux, “we ignore the conduct of our cultural lives at great peril, for the question of culture is fundamental. It lies at the heart of who we are and what we want to be” (Crean and Rioux, p. 75).

If the new distribution methods offered by VOD are destined to have a profound impact on television overall, and if television overall has any impact at all on our functioning as citizens and consumers in Canadian society, it is profoundly important to survey the potential challenges VOD technologies present to Canada’s current broadcast framework. I will turn to those challenges shortly, but first we need to look briefly at the general framework of Canada’s broadcast policy and examine some key problems within that policy that, unless addressed, will make the challenges ahead all the more difficult to overcome.

–III–

Getting Canadian Content on Canadian Television Screens: The sorry past and sad future of Canadian Broadcast Policy

We are trying to do something that is not easy. The natural pressures are against us; the flow runs north and south and we are trying to make some part of it run east and west. The forces of economics are against us too, as they have been against many odd Canadian dreams and aspirations in the past. But this one is one we had better work at, for it is really important if we are to keep a Canadian identity and culture; if there is, in fact, to be a Canadian force in the world (Canada, 1957).

From the earliest days of the English-language broadcasting in Canada, Canadian policymakers have been preoccupied with one core battle: increasing the number and quality of Canadian programs available to viewers against the dominant American

programming glut that clogs our domestic airwaves. It has been a losing battle. From the beginning, attempts to ensure a choice of Canadian content in the broadcasting system has required repeated government intervention.³² An incomplete but illustrative list includes: the establishment of the Canadian Radio Broadcasting Corporation (1932)³³, creation of the Board of Broadcast Governors (1958), implementation of content regulations (1959)³⁴, creation of the CRTC (1968)³⁵, implementation of revised content regulations (1970)³⁶, creation of income tax advantages for companies advertising on Canadian media outlets (1976), the creation of direct subsidies for independent producers through Telefilm Canada's Broadcast Fund (1983), creation of new requirements for private broadcasters to fund under-developed program genres such as drama and children's programming (1979, and again in 1989), and new rules requiring cable operators to contribute to the television production fund (1994).

As Tracey and Redal explain, "the whole history of the regulation of Canadian broadcasting" has been based on the notion "that there is a need to use the power of radio and television to 'create', 'develop' and 'nurture' Canadian culture"³⁷ (Tracey and Redal, p. 352). Today, one only needs to scan the television listings in any region of this country (with the exception of Quebec), to find a schedule dominated with American fare. When the ratings come out, the only Canadian content that regularly makes it into the top ten is *Hockey Night in Canada* and the evening news. The Canadian market has become a dumping ground for American programming, despite years of effort and study, millions of dollars in subsidy spending and reams of regulations. Canadian governments have tried in earnest to erect barriers with policies that favour Canadian TV producers, such as Canadian content quotas (or "Cancon", as they've come to be called) and tools

that favour television network owners, such as simultaneous substitution³⁸ (in which American broadcast signals –and advertisements– are replaced with Canadian ones when a U.S. program is being shown simultaneously on both a Canadian and U.S. channel in Canada).³⁹ Despite all of this effort, as Stephen Brooks tells us, “the numbers tell the story ... by and large, Canadians prefer to consumer the cultural products of the United States” (Brooks, p. 118).

But is that *really* the case? Do Canadians really *prefer* American programming? Or is there another issue at the heart of the matter here? On the surface, when one merely compares ratings, American shows indeed seem to be the preferred fare for English-Canadian television viewers. But if one digs deeper, there is an alternative explanation – one that demonstrates how Canada’s television policy is a deeply divided one, whose most predominant characteristic may be that it is increasingly unsustainable. This does not bode well given future challenges that lay ahead as new fluid digital distribution technologies (such as VOD-enabled PVRs) enter the television sector. Two key policy tools –Canadian content quotas and simultaneous substitution– are examples that illustrate well a deep inner tension that exists within the broader Canadian broadcast policy framework.⁴⁰ These two policy pieces have functioned in critical opposition of one another, negating whatever positive effects each were originally intended to provide, and ultimately putting the Canadian television sector in a perilous position in light of new disruptive technological advances in television distribution.

The push for Canadian content

When television sets first arrived in Canada in the late 1940s, the airwaves were 100-percent American, with no Canadian programming whatsoever. By 1952, when the

first Canadian television signals went on the air with CBC Television, 150,000 Canadians owned television sets and they were, for the most part, watching cross-border U.S. channels (Fraser, pp. 136-137). In 1957, the Royal Commission on Broadcasting (commonly known as the Fowler Committee) took a critical look at the young broadcasting industry in Canada and found: "their program schedules are unbalanced; they do not provide sufficiently wide variety, and do little to further the development of the Canadian consciousness" (cited in Austen, p. 79). The perception was that a vast media spill over was afoot, causing a decline in Canadian culture and identity⁴¹. As discussed earlier, that perception persists today, having fermented into the considerable concern that "the television habit insidiously robs Canadians of their identity and consequently threatens the long-term survival of their culture and of their country" (Meisel, 1989, p. 132). The solution, policymakers of yesteryear and today have pronounced, is in the passage of "protective legislation" (Berlin, p. 8) and policies aimed at "ensuring that the country's identity is not compromised by the ubiquitous electronic media" (Meisel, 1989, p. 132).

It was from within this protectionist dimension that Canadian content quotas were born in the early 1960s. The federal regulator, then the Board of Broadcast Governors, imposed on TV stations a 45 per cent quota for programs that were "basically Canadian in content and character." The difficulty was that it would never be clear exactly what was meant by "Canadian in content and character." The problem, Dorland insists, stems from "making political criteria the standard of measure for what was arguably a different domain of activity, either cultural or economic." Is "Canadian-ness" solely an effect of political affiliation, a by-product of citizenship? In this sense, only Canadian citizens

could produce Canadian content. But what about major international events, such as the Olympics, or a royal funeral, or the Oscars – all of interest to a large number of Canadians. Should they count as Cancon since so many Canadian citizens watch them? (Dorland, p. 356-357; Stewart and Hull, 1994). Critics of Cancon are quick to point out that those programs that aren't really the stuff of national identity building.

An attempt to correct some of the missteps regarding Cancon regulation was made in 1968 when a new federal regulator (the CRTC) was formed under the helm of Pierre Juneau. One of Juneau's first actions was to jack up the Cancon quotas to 60 percent for private television during primetime (6:30 pm to 11:30 pm) (Fraser, p. 138)⁴². "The Commission is arguing," stated Juneau, "that unless we do something about it, Canadians are going to have their choices dictated to them by a distribution system which will inevitably find it more economic to pipe all over Canada an overflow of mass-produced American programs rather than supporting programs that are relevant to Canadians" (cited in Fraser, p. 139). The private broadcasters protested the 60 percent Cancon quota⁴³ and the CRTC capitulated, lowering it to 50 percent (Fraser, p. 139). Today, the figure has risen again – private networks must ensure 60 per cent of their programming (measured over an entire year) is Canadian content, with at least half of that Canadian material airing during primetime, between 6 p.m. and midnight.⁴⁴ That said, Canada's private networks have been criticized for stacking the *real* primetime hours (between 8 and 10:30 pm – the peak viewing period) with U.S. fare. Whatever Canadian programming does slip into the schedule is generally relegated to the periphery (Segrave, p. 194)⁴⁵. For Austen, "quantity isn't the problem; it's how the commercial operators reach the quota" (Austen, p. 76).

Cancon in Canada: Is anyone watching?

Glenn Gottselig poses an intriguing challenge. He questions whether, without Canadian content quotas, “Canadians would opt freely for the Canadian products, which are often less glamorous and have less of a popular presence than their American counterparts, or whether they would allow themselves to be dominated by the American entertainment world” (Gottselig, p. 26). Gottselig isn’t alone in his criticism of Canada’s “protectionist policy”.⁴⁶ As Tracey and Redal assert, “it is a simple though little-understood fact of global television life that populations tend to prefer their own indigenous television, even where U.S. programming is readily available.” That said, the authors admit that the English broadcast market in Canada is the only known market where domestic entertainment is *not* necessarily preferred over imported programming of comparable quality (Tracey and Redal, p. 353).⁴⁷ It seems living next door to the world’s most powerful cultural marketing machine hasn’t boded well for Canadian television viewing. “Canadians are as obsessed with America as Americans are blasé about Canada” (Crean and Rioux, p. 27)⁴⁸. Barry Berlin puts it bluntly: “In television viewing, most Canadians simply prefer to watch U.S. television entertainment fare” (Berlin, p. 7). But the critics are too quick to leap to the conclusion that Canadians simply watch more American programming because they prefer it. There are a number of more plausible explanations that explain *why* American programming is so popular on the Canadian television schedule.

There are compelling arguments which point to the problem of “economies of scale” governing television⁴⁹ as the root of the problem. Television is a ‘public good,’⁵⁰ meaning production costs don’t increase when viewers are added and therefore larger

audiences mean lower unit costs.⁵¹ “Media that reach larger potential audiences [i.e. American television] have substantial advantages over those with less reach [i.e. Canadian television]” (Owen, p. 32).⁵² For those who follow this argument, the difficult and painful truth is that “Canada is inherently a very expensive country for which to provide communications and cultural services. The cultural agencies can not be expected to fulfill their mandates on budgets as small as 10 percent of their U.S. counterparts” (Fortin and Winn, p. 230). And that’s how American dumping of TV shows works. “By peddling its TV product around the globe, the U.S. entertainment industry undercuts the impulse to build a country’s own indigenous programming” (Nelson, p. 25).⁵³ Indeed, “a couple of thousand dollars an hour couldn’t produce a puppet show, much less a popular drama,” remarks Mark Starowicz. “But for a small independent station,” it can by an American programme, “with the return on commercials making a profit” (Starowicz, 1993, p. 87).⁵⁴

Canada is fighting a losing battle. “No other major country permits as much foreign programming as Canada, and no other country matches Canada as a mammoth importer of U.S. cultural products in general”⁵⁵ (Fortin and Winn, p. 227). Still, none of the troubles impeding Canadian content from making it onto Canadian airwaves can be directly blamed on the notion that Canadians *prefer* American programming. In fact, that notion may be one of the greatest myths surrounding Canada’s television industry. Canadians don’t necessarily *prefer* American TV programming – they simply have never been able to give Canadian programming a fighting chance. As Mark Starowicz puts it, there is a logical flaw at the root of the ‘free choice’ argument brandished by the private sector: “Freedom of choice in television means the freedom and the means to produce

television, not merely consume it ... Canadians are being denied the choice, on this vast menu, of Canadian programmes” (Starowicz, 1993, p. 96).

The Trojan Horse: Simultaneous substitution

A powerful enemy has been at work here, pushing Canadian programming to the periphery of Canadian consciousness while brashly and boisterously trumpeting American sitcoms and pushing reality TV extravaganzas endlessly onto Canadian screens. It is the most insidious of enemies – an enemy more difficult to identify because it is working from within. It is a cornerstone of Canadian broadcast policy: simultaneous substitution.

Policy initiatives such as Canadian content quotas were born out of spirited considerations of “nation-building” and “social equity.” But since the 1970s, those needs have come up against the “needs of the economy for productivity, growth and competitiveness.” These new needs have far outweighed other considerations (Mulgan, p. 136). It was in this climate in the mid-1970s that Canada saw the birth of a new policy weapon aimed at supporting the country’s fledgling private television industry: simultaneous substitution, in which American broadcast signals –and advertisements– are replaced with Canadian ones when a U.S. program is being shown simultaneously on both a Canadian and U.S. channel in Canada.

Simultaneous substitution (also referred to as simulcasting, signal substitution or sim-subbing) is a ‘Trojan Horse’ weapon because while it aims to stabilize the balance sheets for private broadcasters,⁵⁶ it is in direct conflict with Cancon policies. It fails at sustaining a presence of Canadian programming on domestic television sets while providing a weak spot in Canadian broadcast regulation through which the private sector

can further undermine the spirit of Canadian broadcast policy. Simultaneous substitution allows Canadian stations “to siphon advertising revenues from U.S. border stations by simultaneously airing, with the technical complicity of cable TV companies, the programs featured on U.S. stations” (Fraser, p. 139). “Under the scheme, major cable companies must replace U.S. stations’ signals with local Canadian channels programming if both are airing identical shows... Under signal substitution, Canadian stations grab 100 percent of the local audience for their commercials” (Austen, p. 76). In effect, simultaneous substitution gives Canadian networks “exclusive rights to any U.S. shows” they air, and “to all domestic TV ad revenue” (Fraser, p. 139).

Canadian policymakers intended simultaneous substitution to “protect the financial stability of Canadian broadcasting” (Canada, 2003, p. 285). In fact, as a recent CRTC background paper boasts, thanks to simultaneous substitution, “millions of dollars are returned to the Canadian broadcasting system” (cited in Austen, p. 76). The CRTC justifies simultaneous substitution by pointing to the notion that “when a broadcaster buys programming from an American (or Canadian) producer or network, they pay substantial sums of money to have the exclusive right to air the programming in their home markets. The simultaneous substitution regulation is designed to protect the property rights of both the broadcasters and the advertisers because it allows for the full exploitation of program rights purchased by local broadcasters” (CRTC press release, January 30, 2004). But the unintended effect is that “signal substitution creates a powerful economic incentive for private broadcasters to flood key viewing hours with American imports that are sure to be popular with both viewers and advertisers” (Austen, p. 76). With the introduction of simultaneous substitution, “Canadian TV stations now

had a powerful incentive to fill up their prime-time schedules with popular American shows procured at marginal cost ... The result was the rapid colonialization of Canadian prime-time schedules by simulcasted American television shows” (Fraser, p. 139).⁵⁷ As Collins puts it, “economically successful policies like simultaneous substitution are incompatible with achievements of the cultural nationalist goal of Canadianizing both television viewing and program schedules of Canadian broadcasters” (Collins, pp. 73-74).

With the advent of simultaneous substitution, Canadian television networks reworked their schedules in order to broadcast cheaply produced Canadian news and information shows (which count towards the Cancon quotas) until 8 p.m. and later in the evening after 11 p.m., while devoting most of the *real* prime time hours (between 8 p.m. and 11 p.m.) to simulcasted American programming. “The Canadian networks were thus spared the obligation of investing in costly domestic shows, notably original Canadian dramatic series, for they could respect the quotas with in-house news shows” and air those in the less-watched hours before and after the *real* primetime block (Fraser, p. 140). In short, “the simulcasting model has encouraged Canadian television stations to function as mere schedulers of popular, ready-made, low-rent American programs, not as developers of original Canadian programs” (Fraser, p. 142). What’s being defended so passionately is not viewer choice, argue Crean and Rioux, “but the divine right of Canadians to have as much American television as technology can deliver (which often means more than even most Americans get!) and of private broadcasters and cable companies to make a bundle delivering it” (Crean and Rioux, p. 71).

The situation has contributed to the enormous financial success of Canada's private sector broadcast industry. In February 2004, the CRTC released its financial data report on the Canadian television industry for 1999-2003. The report shows that net profits posted by Canada's private television stations have doubled, rising from \$95.6 million in 2002 to \$189.8 million in 2003 (CRTC press release, February 3, 2004). And while "private broadcasters were supposed to take a chunk of extra ad revenue the [simultaneous substitution] scheme generated and use it to develop Canadian programming" (Austen, p. 76), the proportion of broadcasters' investments in Canadian dramatic programming and comedy have fallen, and "programs are being relegated to times of the day, days of the week and periods of the year when audiences tend to be smaller" (Canada, 2003, p. 8).⁵⁸ In fact, investment in foreign programming very nearly outpaced investment in domestic programming by the private networks in 2001.⁵⁹

Former CBC president Tony Manera argues that simultaneous substitution is a case where "a public policy has been created to favour the interests of private broadcasters without adding any real benefit for consumers ... If the private broadcaster wasn't running those American shows, the consumer would still have access to them. But they'd just have to watch American commercials instead of Canadian commercials. So, big deal ... I think the private broadcasters owe some return to the Canadian system" (cited in Austen, p. 76). As Fraser puts it, "the main beneficiaries are the Canadian middlemen monopolists who siphon profits from airing American programs. The benefits to Canadians, or to Canada as a nation, are more elusive" (Fraser, p. 202).

The road ahead: New challenges on the horizon for Canadian broadcast policy

There exists a deep and contradictory division that permeates Canada's broadcast policy. It is a division that comes to light when one examines the negative impact of policies such as simultaneous substitution on potentially positive policies such as Cancon regulations. Despite their intended purpose of boosting the Canadian television industry, the conflicting nature of such policies has actually "had the effect of *diminishing* the ratio of Canadian programmes" (Starowicz, 1993, pp. 84, 85). Economic pressure to generate higher revenues through the purchasing of less expensive American productions has left the Canadian television industry in "a very precarious position." As an instrument of national policy – the cement to hold our national ideas together – Canadian broadcast policy has failed (Caron and Bélanger, p. 135).⁶⁰

New forms of digital distribution technologies (such as VOD systems) are compounding the problem, and will inevitably increase the squeeze on the Canadian television industry as a whole. As the window of programming choice and opportunity widens for the Canadian TV viewer with new digital distribution methods, the window narrows in terms of the opportunities that will be available for the simulcasting of American-produced programming by Canadian private networks. The opportunity for Cancon to be viewed by Canadians in this new cluttered world of infinite programming options is also challenged. The recent report on the state of the Canadian broadcasting industry by the Standing Committee on Canadian Heritage described how changes in technology have "fundamentally altered our notions of what 'broadcast' is" (Canada, 2003, p. 65). Without the benefit of a common understanding of what 'broadcast' is (let alone more complex concepts such as 'interactivity') it seems Canada's regulators have a

rough road ahead. Compound that with the rapid pace of technological change, the intermingling of formerly distinct sectors (such as the broadcast and telecommunications industries) and the convergence of formerly distinct technologies, it becomes increasingly difficult for players, either on the production or regulatory side, to have a grasp of what exactly is going on. Amid the confusion, however, we must consider some pressing questions raised by new digital distribution methods such as VOD technologies. These issues will have vast policy, cultural and industrial implications – it is to those matters I turn now.

How fragmented can the audience get? What are the implications of our increasingly individualized television viewing habits?

The television audience is fragmenting, and has been since satellite and cable distribution systems became a major presence in the 1980s, accompanied by the debut of a number of new networks in the U.S. and the rise of the VCR (Mullen, p. 69).⁶¹ “Television viewing as a primary activity now occupies about fifteen hours per week of the leisure time” of the average adult, Owen tells us. “Despite the proliferation of program choices, this percentage has changed little since 1985” (Owen, p. 11). Across the conventional broadcast spectrum, “expanded choice has led to a decline in the total audience share” (Jeffrey, p. 203).⁶² The fragmentation trend can only continue with the diffusion of VOD technologies. “As the number of programs increase, the importance of marketing and program placement will increase. Encouraging interest in a program when it is competing against four other programs is one challenge, but attracting attention to a program competing against 350 or more programs is more difficult” (Canada, 2003, p. 113).

The problem of fragmentation is both an industrial one and a matter of political concern. “The disappearance of public space,” says Starowicz, “appears to be the single greatest impact of this Gutenberg age of television – not the *emergence* of a majority, a body politic, a public arena that eventually followed the invention of the printing press, but ironically, the reverse—the *disappearance* of the majority, or at least its atomization into regional, commercial, cultural and demographic clusters” (Starowicz, 1996, p. 243).

Will digital distribution bring about real plurality and diversity?

The flip side to the challenge of fragmentation is the potential positive impact it may have on the audience by promoting plurality and diversity in program choice⁶³. The conventional market formula for broadcasting consists of “assembling mass audiences for general interest programs and selling these audiences to advertisers” (Jeffrey, p. 216).

“New technologies promise to increase the ability of electronic systems to deliver diversity ... the resulting domain of choice will resemble that of the magazine rack more than that offered by advertising-based radio or television” (Acheson and Maule, pp. 353-354).⁶⁴

While optimists predict an imminent ‘de-massification’ and ‘pluralization’ of the mass media, Peter Humphreys and Matthias Lang warn that it could mean homogeneity. In theory, digital technology such as VOD-enabled PVRs present the opportunity to target new, smaller niche markets, thus leading to greater choice for the viewer. In practice, however, “economic circumstances will ensure that it will mainly be the established commercial players which will further consolidate their position in their respective national media markets” (Humphreys and Lang, p. 21). Jeanette Steemers shares these concerns: “Commercial logic suggests that segmented audiences will only be

targeted in as far as they have the potential to be profitable.” At the same time, she warns, “less attractive and poorer target groups will have to rely more and more on subsidized provision” (Steeners, 1999, p. 236). Robert Babe predicts the “ability to pay will surely come to be of even greater significance in future years, giving rise to even sharper divisions between the world’s information rich and poor” (Babe, pp. 302-304).⁶⁵

The need for gatekeepers - but at what cost?

The traditional rationale for the regulation of broadcasting has been the limited spectrum available for program distribution. “There were only so many channels possible on the radio or television dial. Not everyone could name a spot on the dial, so a mechanism of licensing these scarce spots was required. Therefore, the state appropriated it as a public space, and devised a system of allocation and a regulatory agency to administer it” (Starowicz, 1996, p. 239). VOD technologies promise to alter the distribution structure of television. As a consequence, Steeners tells us, “it is those players controlling distribution and consumer access who are emerging as the front-runners in the race to control digital developments” (Steeners, 1999, p. 237). As Rod Allen reminds us, the function of the gatekeeper may well take on a much required role in the VOD environment: “The editorial strengths and market perception of established media brands will provide a valuable intermediation service, endorsing and guaranteeing the quality of programs and channels that people will continue to require” (Allen, p. 63).

In the past, “media institutions helped moderate the strains of heterogeneity and differentiation by simplifying the range of available information (for example, through agenda-setting) and centralizing control over content (for example, editorial gate-keeping or ownership),” says Leah Lievrouw. “Availability and accessibility were thus limited to

relatively short menus of information sources and communication services.” New media distribution systems, in contrast, create enormous availability “but also a monumental problem of information organization and retrieval.” VOD systems such as the PVR promise to simplify the mechanics of locating and retrieving programming, but as Lievrouw warns, “the selectivity and filtering built into technological finding aids ... may also encourage searchers to narrow their inquiries to highly relevant or specific topics” (Lievrouw, p. 19). Another problem could arise when viewers are faced with a glut of programming at their fingertips – they may, out of ease or sheer laziness, opt to view established programming, like re-runs of popular, old American sitcoms. It is something former CBS vice president James Rosenfield envisioned, when he declared in a speech: “those who hold the rights of the most popular and enduring television programming will be best able to enjoy the benefits” of the new distribution system (quoted in Segrave, p. 152). It follows that the most precious resource in the industry won’t be a satellite in the sky, or the wires that connect viewers to vast databases of programming material, but the film and series programming contained in those databases (Starowicz, 1996, p. 247).

The entrance of digital VOD technology means the distribution of programming can be controlled in ways that were not possible with analogue transmissions. For Thomas Gibbons, this raises “the problem of ‘conditional access’: access to such digital services can be made conditional, in the sense of being restricted on the bases of technology and subscription.” The companies that can impose such restrictions, who enable conditional access, will become very important ‘gatekeepers’ for the whole broadcast industry. “They are the companies which will control the manufacture and sale of the ‘set-top boxes’” (Gibbons, p. 87).

As Nicholas Garnham once put it, cultural distribution, not cultural production, “is the key locus of power and profit” (Garnham, pp. 162-163). For Andrew Graham, the two areas of greatest concern are the set-top box (or converter) and the browser. “Both represent potentially extremely powerful ‘gateways’” (Graham, p. 6). PVRs and similar VOD-enabling technologies will allow access to a variety of “smart” features, such as automatically recording particular programs or finding programs of a particular type – they may well become the means by which viewers “filter” programs. “All of this technology,” predicts Graham, “will sit in a single box (a box that will soon be incorporated directly into the TV) ... and this box will control the television.” But who will control the box? What consumers want is a single system offering the widest possible choice, but what will viewers see when they first switch the TV on? Where will it be easiest to go to next after switching on the television? What will be drawn to the viewers’ attention? What will the television’s ‘default’ setting be?⁶⁶ “Anyone who controls the gateway also controls the agenda,” warns Graham (Graham, p. 7) and this power over the agenda may ultimately be the most important policy issue facing the new VOD-enabled television landscape. Echoing this is a caution from Steemers, who predicts: “a small number of companies will end up dominating the digital broadcasting market, just as a limited number of operators now dominate the analogue market...” (Steemers, 1999, pp. 238-39). “The extent to which companies control access to distribution is much more important than the number of channels they own or services they offer,” argues Steemers. “This is because network access and control determines how the system will be used and to what extent proprietary standards (through set-top

boxes) can be imposed. Regulation is needed whenever there is a threat of market dominance and a threat to diversity of opinion and choice” (Steemers, 1999, 243).

Will digital distribution and accompanying control-enabling technologies kill the traditional network broadcasting model?

In the conventional television broadcasting model, a television program is created in a central location (at great effort and expense) and then distributed to as many viewers as possible. In a television landscape where VOD technologies reign as the preferred method of distribution and viewing, the concept of the channel becomes redundant. If viewers are able to access programs directly from a program’s producer, channels in the old sense of the 24-hour network disappear. This poses an ultimate challenge to the private Canadian networks – organizations that have largely sustained themselves on the syndication and broadcast of popular American programming. Quite simply, when programming can be beamed directly from producer to viewer, the traditional function of private network broadcasters in Canada –the role of middleman, or distributor of foreign programming– is obliterated. “Canada, being a net importer of information from the U.S., is likely to suffer financially from the expanded transmission capacity and the enhanced capabilities to make information a commodity,” argues Babe. “These features will dramatically magnify Canada’s trade imbalance” (Babe, 1996, p. 304). Thanks in part to the negative effects of simultaneous substitution and to the economies of scale that reign over Canada’s television industry by which “American producers can sell programs at a price that is far below what it would cost to make similar shows in Canada” (Canada, 2003, p. 8), programming ‘receiver’ nations like Canada, have built-in audiences for foreign content and under-watched domestic programming. On the upside, however, the

situation for Canadian content production may be on the verge of tremendous boom if PVR and VOD technologies take hold in Canada.

Will Canadian content boom or bust in the future television environment?

“In the face of the new technological context,” says Raboy, “conventional television, both public and private, faces a serious challenge. The key to success in this environment will be quality of content and efficiency of delivery. The old formulas based on brand (channel) loyalty, which allowed conventional broadcasters to get away with packaging trash alongside popular programs, will no longer work. In fact, many fear that the conventional broadcasting model itself will no longer work” (Raboy, 1996 [b], p. 179). Canadian broadcasters have enjoyed playing the role of middlemen, arranging a lucrative flow of programs from U.S. producers to Canadian consumers. “So far, this ‘intermediary’ strategy ... has protected Canadian broadcasters and their markets” (Jeffrey, p. 208). If the status quo continues, Canada’s under-watched domestic television programming is on course to be engulfed by a robust American industry. If, however, VOD technologies succeed in the Canadian marketplace, there is a chance Canadian content may thrive. It comes down to this simple reality: if VOD systems allow television viewers to watch programming directly from the production source, Canada’s television networks will no longer be able to spend revenues on purchasing American programming. American producers will transmit their content directly to Canadian viewers, effectively cutting out the ‘middleman’ role historically enjoyed by Canada’s broadcasters.

In a VOD environment, private Canadian television’s role clarifies to become one of *production* rather than syndication. The private networks will have no choice but to

produce domestic programming – and if they are to survive, the private producers will have to ensure their Canadian programming attracts enough viewers to pay for itself. Perhaps Canadian programmers will also push their programmes beyond our borders – the opportunity of an expanded marketplace for Canadian material is there, according to Hoskins, Finn and McFadyen, who contend that technology will provide increasing opportunities to non-U.S. producers, including access to ethnic, minority-language, and other niche markets (Hoskins, Finn and McFadyen, 1991, p. 89). But an external market will certainly be no substitution for the domestic one, and Canada’s broadcasters must first step up to the challenge of creating television programming that appeals to Canadians.

The ‘bread and butter’ of the old system, the renting of Canadian airtime to popular American programming, is simply outmoded by the direct-distribution model offered by digital technologies. To put it bluntly, VOD technologies put Canadian content into a do-or-die scenario. The key unknown is whether it’s too late to reach Canadian television viewers with domestically produced programming. If it’s not too late, what kind of programming do Canadians want? And how will the private networks form a business model that is based on the production of Canadian programming rather than broadcasting of foreign content? And if Canadians do want domestic programming – how will they be able to find it in a plethora of on-demand foreign material? “The new questions concern ‘shelf space’ or how the Canadian services can be featured prominently” (Jeffrey, p. 247). “Television production,” argues Starowicz, “is like steel or aeronautics. You’re either in the game or you’re not.” And if you’re not, you’re just

an importer. “An industrial strategy must assure that you put your cultural and information product on the shelf” (Starowicz, 1996, p. 246-47).⁶⁷

Is there a place in the future television environment for public broadcasting?

While Canada’s private networks face enormous hurdles in a VOD environment, the role of the nation’s public broadcaster is equally challenged. “The digitization of the broadcasting media is accelerating and reinforcing trends which indicate that public service broadcasters are losing their pre-eminent position in the broadcasting field” (Chalaby and Segell, p. 360). Indeed, as Jeanette Steemers puts it, “the scenario of a digital future with unlimited choice and the ability to construct your own multimedia schedules undermines the historical justification for public service broadcasting, which was predicated on the assumption that the public could only choose from a limited selection of broadcasting services” (Steemers, 1998, 97). If the mass diffusion of VOD-enabled technologies succeeds, public broadcasters “run the risk of becoming just one content provider amongst many, battling for attention within a system over which they have less control and little or no stake” (Steemers, 1998, 106).

Faced with the prospect of a multitude of broadcast and non-broadcast services, it could be argued that public service broadcasting is no longer necessary. But according to Steemers, “this stance ignores the still high costs of entry to television and the underlying suspicion that competition alone is no guarantee of audio-visual diversity. Moreover... new types of inequality are likely to emerge which strengthen pre-existing inequalities based on factors such as age, education, geographical location, poverty and ethnic origin.” We can’t put our faith in the private sector alone “to safeguard against such inequalities,” argues Steemers. “Universally accessible broad-ranging television services

and an enabling regulatory framework will still be important for some time” (Steemers, 1998, 106).

The Canadian Broadcasting Corporation serves as “the last line of defence in a media system increasingly dominated by American programming and American values,” the Standing Committee on Canadian Heritage recently proclaimed. “It also plays a vital role in a system where there is increasing corporate concentration in the public sector. The CBC ensures that other voices can be heard” (Canada, 2003, p. 10).⁶⁸ With the challenges posed by VOD technologies, there is an opportunity for public broadcasting to take centre stage in this new environment of unprecedented fragmentation. The persistence of an arena for national debate depends on the public broadcaster for the health of the democratic process (Habermas).⁶⁹

Equally important, Graham contends, is the private sector. In tandem, the public and private sectors work to improve each other. “The commercial sector keeps the public sector competitive; the public sector raises quality and keeps the commercial sector honest” (Graham, p. 28). As Marc Raboy puts it, the private sector has a crucial role to play in the Canadian system. “No sector of broadcasting can claim to be entirely independent of public purpose, and indeed, according to the Broadcasting Act of 1991, all broadcasting in Canada constitutes ‘a public service essential to the maintenance and enhancement of national identity and cultural sovereignty’” (Raboy, 1996 [b], p. 178).⁷⁰

Canada “has both European-type public sector and public service broadcasting and American-type commercial broadcasting,” remarks Collins. “The public and private beat as rival hearts within a single breast. But Canada also has a powerful presence within its broadcasting order that is not under Canadian political control: American television”

(Collins, p. xi). In order to combat that presence in the new, digital fluid distribution environment offered by VOD technologies, the key task is to re-envision the roles of and the relationship between public and private sector broadcasting. Historically, “the tension between private profits and public service has supplied the dynamic for Canadian broadcasting policy” (Jeffrey, p. 207). While it’s likely that tension will remain for some time to come, for the sake of the Canadian broadcasting industry (public and private) it’s important that both sides come together to meet the challenges ahead. The first problem that needs to be addressed is determining what the functions each ought to fulfill in order to ensure that domestic production and distribution of television programming thrives.

Is TV ultimately commercial or cultural? How should Canada position its television programming in light of free trade agreements?

The United States is the world’s largest English-language television market. It “has never had to worry about protecting itself, and rather is more interested in world electronic barriers coming down” (Starowicz, 1996, p. 246)⁷¹. For Canada, changes afoot in the distribution model of television broadcasting will surely lead to “further collision between the forces of the market and the national system goals” (Jeffrey, p. 249)⁷².

Robert Babe frames it this way:

Historically, information/knowledge has been afforded treatment as a public good and as a commodity resource, not merely as a commodity: folklore, public education, libraries, museums, access to information legislation, sponsorship of the arts, public broadcasting, freedom of speech and of the press – all these exemplify this non-market tradition of information as a community resource and as a public good, as well as a fundamental right. Convergence and the information highway, however, and the accompanying deregulation/privatization of communication sectors, are enhancing the powers of those who desire to turn information further into a commodity at the expense of its being a public resource (Babe, 1996, pp. 302-304)

Marc Raboy cautions that in the process of building the Canadian system, “social and cultural aspects have been consistently subordinated to economic and political interests as the public dimension has steadily diminished, stripping broadcasting of its democratic potential” (Raboy, 1990, p. xiii)⁷³. With respect to the private sector Raboy fears the CRTC has fallen into “the classical Canadian muddle of seeking an elusive pivot on which to balance the required mixture of private enterprise and public service. From its early policy statements on cable to the 1987 decision on specialized television services, the CRTC has followed the path of diminishing attention to public interest in favour of increasing regard for market considerations. In the process, it has contributed to redefining ‘the public’ in consumer terms” (Raboy, 1990, p. 13). So long as culture is thought of only as a product, Crean and Rioux fear that the manufacturing and distribution systems “can be taken for granted” (Crean and Rioux, p. 80).

As media critic George Gerbner put it, “When communication is turned into a business, whatever is said has to be said profitably.” Commenting on the American dominance of the world’s cinemas and television screens, he added, “free trade is not a solution to the problem; it is the cause” (Gerbner, 1984, pp. 154, 161). New technologies have had and will continue to have “important implications” for trade agreement signatories and “for future international partnerships in the cultural industries” (McAnany and Wilkinson, p. 13). Canada’s traditional approach of protectionist regulation is in “jeopardy as trade barriers are being questioned all over the world. Cultural products from elsewhere in the world are available to fill the gap created by any weakness in local production” (Martin, 239). “*Culture* cannot be protected by treaty or agreement. *Culture industries* can be” (Newcomb, p. 96).

There are several problems in “implementing traditional regulatory approaches to new forms of television which are arguably becoming more and more indistinguishable in nature from published goods such as books and newspapers,” says Jeanette Steemers. Combined with the commercialization of television is the “technical and economic convergence of broadcasting and telecommunications,” which “has served to reinforce the priority of economic over cultural policy” (Steemers, 1999, pp. 234-35). As Glenn Gottselig tells us, Canada’s dilemma is how to support Canadian culture, while remaining compliant with international trade and investment agreements (Gottselig, 2000). Agreements such as the Canada-U.S. Free Trade Agreement and the North American Free Trade Agreement (NAFTA) have sought to provide an exemption of sorts for Canada’s cultural industries.⁷⁴ NAFTA removed culture from the table in paragraph 1, which states: “cultural industries are exempt from the provisions of this agreement.”⁷⁵ Paragraph two, however, “says that a party ‘may take measures of equivalent commercial effect in response to actions that would have been inconsistent with this Agreement but for paragraph 1.’” Cultural protection, in other words, is allowed – but not without consequences (Canada, 2003, p. 526).⁷⁶ The question that needs further investigation is how Canada ought to position itself in terms of the regulatory environment. What should Canada’s position be in terms of television programming – is it cultural material or is it a commercial product?⁷⁷ Given the uncertainty for Canadian content in a VOD environment, should Canada employ subsidy strategies? If such a course is taken, how will the U.S. respond? Ultimately, as Jeffrey note, if the U.S. “can bypass or overturn the Canadian intermediary policy,” the entire Canadian system would fail” (Jeffrey, p. 253).

Just how vulnerable is the Canadian federal government if pressured to abandon Canada's cultural industries policy framework?

–IV–

Rethinking Canada's broadcast policy and industrial framework: An eye to the future

Bruce Owen makes a compelling case when he asks: "Do we need to regulate the broadcast industry? What market failure is so serious in this industry (as compared, say, with book or newspaper publishing or computer software manufacturing) that the guiding hand of government is required to protect consumers against market outcomes?"⁷⁸ Very simply, Owen argues, there is none. "Broadcast regulation is an emperor with no clothes" (Owen, 1999: 83). "The original technical and financial barriers which prevented a multiplicity of channels and justified a tighter regulatory framework" are no longer in valid in a VOD environment (Steemers, 1999: 233-34)⁷⁹. If U.S. producers "reach and bill Canadian households directly, whether by satellite, telephone or the information highway," then the protectionist regulatory approach "to preservation of a choice of Canadian voices will no longer be viable" (Jeffrey, p. 210). The infinite programming universe "will destroy regulation" (Starowicz, 1996, p. 239)⁸⁰.

Hoskins and McFadyen concluded their late 1970's study of broadcasting with the then heretical observation that regulation was incompatible with the interests of private broadcasters and would consequently fail (Hoskins and McFadyen, 1980). Their conclusion is valid in at least one sense – the history of Canadian broadcasting policy has clearly demonstrated that policy regulatory frameworks does not match the reality of the business of broadcasting, and that framework is sluggish in responding to inevitable

changes that impact the system. Indeed, Canada's long history of muddling through by compromise is well demonstrated by our broadcasting sector and the policy framework within which it is intended to operate. Interestingly enough, the drumbeat of the anti-regulation camp can also be heard from behind the walls of government itself. In its report on the status and future of Canadian broadcasting, the Standing Committee on Canadian Heritage hinted that regulation of VOD technologies might be impossible: "The multitude of choices available to citizens has created a world of communications where the old regulatory regime (based on the reality that a telephone company had a local monopoly or that spectrum is a scarce resource) is no longer viable. As such, the range of choices offered by the digital world will make it seem –even with regulation– like an unregulated world" (Canada, 2003, p. 61).

Despite the drum beating of the anti-regulation corps, we ought not naively bow to market pressure. Finnish President Urho Kekkonen warns against the un-cautioned acceptance of the anti-regulation argument: "Could it be that the prophets who preach unhindered communication are not concerned with equality between nations, but are on the side of the stronger and wealthier? ... More and more it can be seen that a mere liberalistic freedom of communication is not in everyday reality a neutral idea, but a way in which an enterprise with many resources at its disposal has greater opportunities than weaker brethren to make its own hegemony accepted" (quoted in Segrave, p. 262). The long tradition of flouting of the spirit of broadcast regulation by Canada's private sector broadcasters has provided ample evidence that "the goals that most people want from broadcasting will not be achieved by the market on its own." Andrew Graham argues that "a degree of regulation continues to be needed, and this regulation can be – and

needs to be – complimented by an important component of public service broadcasting (Graham, p. 2). Television’s cultural and political role suggests that the industry cannot be left simply to regulation by the market or competition law. “The principles of diversity, pluralism, independence and equality of access that underpin the media’s important role in shaping and information public opinion suggest that, in spite of the promise of bountiful audio-visual services in the future, there are still strong grounds for persisting with regulation” (Steemers, 1999, p. 243). These strong grounds include: the emergence of powerful transnational alliances to distribute digital television; the fact that conventional network distribution will likely remain the dominant force in television for some time; and the fundamentally instrumental function of the ‘gatekeeper’ or proprietary controller of whatever VOD-enabled distribution method ultimately prevails.

What needs to be advocated now is a rethinking of Canada’s cultural policy when it comes to the protection and promotion of Canadian television content. As explained earlier, Canada’s is a divided policy, whose most important characteristic may be that it is increasingly unsustainable. For C. Leigh Anderson, the time is neigh for a rethink: “while broadcasting technology has advanced rapidly in the last 20 years, the regulations on Canadian content have remained largely the same – new actors with an old script. Not only is the stage expanding as traditional industry boundaries change, but the set has changed, and new technologies challenge the effectiveness of some current broadcasting regulations” (Anderson, pp. 241, 242).⁸¹

Get back into the business of making Canadian television

New distribution technologies such as VOD services are arriving in the television sector – and threaten to undercut the private broadcasters’ plum position. In their own

self-interest it would be wise for Canada's private sector broadcasters to start rethinking their stance on Canadian content. This all boils down to one simple reality: Canada's private television industry must end its relationship of parasitic dependence on American programming before that relationship is made obsolete by technological advances. Canada's private television industry, if it is to survive the challenges of tomorrow, has only one guaranteed role in the future: the production and distribution of quality Canadian programming that Canadians want to watch.

The survival of the private broadcasters —and Canadian television programming *period*— requires a dramatic change in attitude by both the Canadian broadcasters and Canada's policymakers. As Mark Starowicz puts it, "in the television revolution, a nation will be either an aggressive player or a cultural victim" (Starowicz, 1996, p. 246).⁸² The need to rethink the current policy framework of Canada's broadcasting system is paramount: the only chance Canada's broadcasters have in ensuring a place for themselves in the future television landscape is in developing distinct, domestic programming – rather than acting as American program schedulers.

Strategies to support the diversity of Canadian culture within a globalizing media system "will require the intelligent design of policies that are cognizant of history, suited to the unfolding media environment and flexible enough to cope with constant change" (Jeffrey, p. 253).⁸³ Canada "must develop an industrial strategy for the television age which is upon us. This means not only rebuilding the public sector, as an investment, but also developing a very strong private sector."⁸⁴ If we're successful, countries like Canada "can see hope in a future that otherwise looks like an obliterating tidal wave" (Starowicz, 1996, p. 247). There are interesting signs that the advantages long enjoyed

by the U.S. media producers may be waning: the dominance of the American networks is fading; a greater number of smaller players have entered the fray which are able to pay intermediate prices for programming; and audience fragmentation is shattering advertising revenue (Hoskins, Finn and McFadyen, p. 88).⁸⁵ Once the imported U.S. program base starts to erode, Desbarats warns that “private Canadian television will experience decreases in profitability, ratings and political clout. The only apparent alternative to this dismal prospect is more and better Canadian programming on private stations to provide viewers with a reason for watching Canadian rather than American television, or not watching television at all” (Desbarats, p. 309). Challenges to the pocketbooks of private broadcasters –challenges to the very foundation on which the Canadian broadcast production and distribution system is based– may have the effect that years of regulation could not: “acting as an incentive to convince private broadcasters to product and exhibit high-quality Canadian production” (Jeffrey, p. 253).⁸⁶

Back in Ennismore, my parent’s house has been witness to the remarkable evolution of television in three short decades. My parent’s do have more than just the one channel now. Cable – even digital cable – has made it to Ennismore. In fact, from the early 1980s onward, my old house has seen the arrival of the VCR, satellite, cable, and the remote control. Just last Christmas my sister and I bought them a DVD. Dad’s first question to us was whether he could record a *Black Adder* rerun on it, the VCR being too complicated to program. He was disheartened to hear that DVD’s aren’t write-able – at least not on conventional DVD players, but he’s never heard of VOD or PVRs. Like

most average television consumers, he's taking technology's advances one step at a time. But he is taking steps – and the question I'm left with is whether a thriving Canadian television industry will be around when Dad joins the ranks of the television viewers of the future.

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END NOTES

¹ Canadian content regulations have been notoriously stretched to the limit throughout their history, often producing curious results. For example, *The Mighty Hercules* was entirely American with one exception – the show's soundtrack was prepared in Canada. With that, "the Canadian government accepted the show giving it 100 per cent credit for Cancon" (Segrave, p. 96).

² I am employed by the Canadian Broadcasting Corporation, where I work as an Online Producer for a consumer affairs program called *Marketplace*.

³ Canada's own policymakers present the insurmountable problem of geography as the root of the problem: "English-speaking Canada shares a border, and a language, with the world's largest and most dominant producer of audio-visual programming. Canadians are constantly exposed to a mass media that endlessly promotes American shows and stars" (Canada, 2003, p. 8).

⁴ As early as 1929, Canada's politicians were concerned about the popularity of American cultural products on Canadian airwaves. "At present the majority of programs heard are from sources outside Canada. It has been emphasized to us that the continued reception of these has a tendency to mould the minds of the young people in the home to ideals and opinions that are not Canadian" (Canada, 1929). For the Aird Commission, the survival of Canada depended on public funding devoted to Canadian programmes (which were to be produced, broadcast and controlled by a public institution). The Aird Commission infused broadcasting with a national purpose, thus establishing one of the central distinguishing characteristics of Canadian broadcasting "Canadian broadcasting policy would be a national policy and the system it directed would have a clearly national vocation. Ideas of 'public' and 'nationhood' became fixed in Canadian broadcast policy" (Raboy, 1990, p. 7).

⁵ It has been estimated that Canadian producers control a meagre 20 per cent of the domestic market for cultural products (less in English-language television), whereas the average share of the home market for domestic producers in other industrialized countries is about 80 per cent (Audly, 1994).

⁶ There have also been a number of works that speculate more generally on the issue of U.S. television and its impact on importing societies (Ang, 1990; Seiter, 1989; Moores, 1990; Ware and Dupagne, 1994).

⁷ Schiller cites remarks made to a committee on foreign affairs to illustrate his point: "Certain foreign policy objectives can be pursued by dealing directly with the people of foreign countries, rather than with their governments. Through the use of modern instruments and techniques of communication, it is possible today to reach large or influential segments of national populations – to inform them, to influence their attitudes, and at times perhaps even to motivate them to a particular course of action. These groups in turn are capable of exerting noticeable, even decisive pressures on their governments" (quoted in Schiller, p. 12).

⁸ Tracey and Redal's core thesis is that "the concerns which have been expressed about the impacts of television on a society and its culture are not only empirically difficult to support but compound a more general misunderstanding about television: its role is more revelatory of ways of life than itself being fundamentally formative. Television lives off and articulates the self-aware and immediate preferences of the audience." (Tracey and Redal, p. 350).

⁹ Tracey and Redal would likely take aim at the dire predictions of Crean and Rioux: "Anthropologists and historians, looking back on our civilization, may well see the capitulation to American mass media as the Waterloo of Canadian independence, after which all resistance to assimilation evaporated" (Crean and Rioux, p. 55).

¹⁰ For a similar argument, see Desbarats, pp. 306-07. While the majority of cultural critics decry the influence of American programming on Canadian audiences, Peter Desbarats contends that U.S. television product on Canadian screens has had no measurable effect on our national identity. "By the end of the

1980s, after three decades of private television; cultural activity in English-speaking Canada showed no sign of withering away.”

¹¹ As Leslie Sklair points out, advocates of the cultural imperialism theory too readily forget that national, regional and local variations of cultural, social, political and economic dimensions can be more significant than global patterns (Sklair, p. 133). Indeed, in an emergent world culture, no “total homogenization of systems of meanings and expression has occurred,” despite the constant flow of people, meanings and commodities (Hannerz, p. 235). T. J. Allard, then head of the Canadian Association of Broadcasters, made a similar argument in 1978, during a period of intense debate over Canadian content quotas and other regulations being devised and employed by the CRTC. Allard remarked that despite the amount of U.S. entertainment material available over the years, “the Canadian culture and speech remains untouched... the Canadian culture, lifestyle and value base remain clearly identifiable; clearly distinct from the American” (Allard, p. 272).

¹² Tracey and Redal make a similar case: “[H]owever the mass media work, they do not do so as if they were a hypodermic syringe injecting their influence into an individual, let alone a whole society. The meaning of a television program for an audience is now widely understood to be much more of a negotiated process in which what the audience brings to the program is as important as what the program brings to the audience” (Tracey and Redal, p. 353).

¹³ Desbarats agrees: “No matter how the formulas were juggled to force private broadcasters to air more Canadian productions, particularly during prime evening time, the results were always disappointing” (Desbarats, p. 304).

¹⁴ “The whole history of the regulation of Canadian broadcasting has been based on the declaration that there is a need to use the power of radio and television to ‘create’, ‘develop’ and ‘nurture’ Canadian culture. Such sentiments have dominated the seven different broadcasting commissions which have provided the milestones of the history of Canadian broadcasting” (Tracey and Redal, p. 352). For example, the 1986 Task Force on Broadcasting Policy echoed notions raised by committees before it when it stated the role of broadcasting is one of forging a “national consciousness different from that of the United States” and defined broadcasting as “a key instrument in the never-ending task of affirming a sense of Canadian consciousness” (Canada, 1986).

¹⁵ The Massey report “expressed the Commission’s fears about the flood of American mass culture crossing the border ... But if the warning to secure Canada’s cultural defences was heard, it was not heeded. It was not until the seventies that the federal government was provoked by the gathering crisis in the cultural industries to consider the need for a cultural policy. Meanwhile, Warner Brothers, IBM, Time-Life and the other giant American corporations, who long ago assumed domination over our cultural environment, continue their work virtually unchallenged” (Crean and Rioux, p. 50).

¹⁶ The hostility towards American television programming even arose from American sources on occasion. In a speech in Canada, U.S. television producer David Susskind warned that Canadian viewers should stop watching U.S. shows or “they will soon get sick and silly ... the whole business is nothing but unmitigated drivel. Canadians should be ashamed to take the stuff” (*Variety*, 1961, p. 43). Susskind’s remarks echo those made by Newton Minow, then FCC chairman, who described the TV situation in the U.S. in 1961 as a “vast wasteland” (Segrave, p. 53).

¹⁷ Robert Fulford, then editor of *Saturday Night*, complained that the problem lay in that “private TV simply doesn’t do what TV is supposed to do. It never has, and long experience suggests that it never will” (Fulford, 6). Fulford took aim at the CTV network in particular, claiming that it had never made “more than the most meagre and pitiful contribution to the entertainment business of which they are ostensibly a part ... Their record, over a whole generation, amounts to the most appalling regulatory failure in modern Canadian history ... and calls into question not only the role of the federal regulators in broadcasting but the very idea of private television in Canada” (Fulford, p. 5).

¹⁸ In the summer of 1960, such an outlet was built in a small town of 200, Pembina, North Dakota, just south of the Manitoba border. The aim of the station was to capture Winnipeg audiences, which until then had been out of reach of any American broadcast signals. As one Canadian writer remarked at the time, the 1,450 foot Pembina tower was so close to the border that "if it toppled, it would fall into Canada" (Walker, p. 15). By 1968, Canadian audiences of Canadian fare in Winnipeg had fallen from 100 per cent to 79.6 per cent (Segrave, p. 98). Reacting to the Pembina situation, the CRTC remarked on the obvious: "the Pembina situation was established to tap the Canadian market... It has succeeded in its mission" (cited in Segrave, p. 98).

¹⁹ For a comprehensive examination of the historic domination of American media giants over external markets (including Canada's), see Segrave, 1998.

²⁰ Starowicz provides anecdotal evidence to his argument that is worth considering. He argues "that we have collectively forgotten most of our battles in the World Wars, that we have deluded ourselves into believing we have a soaring crime rate similar to America's (we don't), and that our courts are hopelessly jammed (nothing comparable to the U.S. situation). We can demonstrate the Americanization of our political process, our music, our food and our beer. In the end though, we can't be certain that we have proven anything. A big neighbour will always influence a small one" (Starowicz, 1993, p. 91).

²¹ There also exists something called "near video-on-demand" (NVOD), which, as the name suggests, is not quite video-on-demand. It involves staggered starts of the same program (usually feature films) on different channels at regular intervals, giving viewers a number of opportunities to catch a particular program when it's broadcast on the channel schedule. My interest lies with the entry of *true* VOD services into the television distribution market and the implication they may have on the television industry.

²² With the advent of cable, "it became a matter of national pride that Toronto could get more stations than most American cities" (Starowicz, 1993, p. 84).

²³ Before cable, two-thirds of all Canadian cities were close enough to the border to receive U.S. television signals over the air. As cable took hold, cities too distant from the border to receive U.S. signals got them by via microwave transmissions to their cable companies. The Canadian Radio and Television Commission responded by passing a rule banning the import of U.S. programming on microwave CATV systems over "great distances". The ruling set off protest from people in cities like Calgary and Edmonton, who could only pick up U.S. programmes through cable. To pacify those distant cities the CRTC backed off, declaring their recent ban had actually only been meant to forbid "wholesale and indiscriminate" importing of American programmes (*Variety*, 1970, p. 49).

²⁴ Starowicz's chief point is that Canada handed over its "broadcast arteries" when it embraced cable technology. It was "the most silent of surrenders. It was accomplished by the indifference of governments who failed to see television as a national political issue, and let the public sectors stagnate; by a Communications Department more fascinated with technology than programming; by domestic broadcasting entrepreneurs who saw that huge profits lay in importation; by a regulatory agency which failed to raise a loud enough alarm; by intellectual leaders who considered television a vulgar medium not worthy of being ranked as a cultural issue; and, finally, to be absolutely fair, by the naiveté of all of us who failed to comprehend the scale of technological change which was to follow" (Starowicz, 1993, pp. 100-101).

²⁵ It's worth noting that the entry of the VCR "coincides quite precisely with the decline of network television in North America, although it is hardly the only cause." In 1976 the three U.S. networks controlled 92 per cent of the viewing audience on a typical night. By 1984, the figure had dropped to 75 per cent and into the 1990s fell to less than 60 per cent (Attallah, p. 262).

²⁶ Surveys show 85 percent of VCR owners have no idea how to program their VCR to timeshift (Starowicz, 1996, p. 239). And what timeshifting is done is not done equally to all types of programming - some 80 per cent of timeshifting is devoted to feature films, whereas only 34 per cent is for news and

public affairs programming (Attallah, p. 262).

²⁷ A leading computer magazine (*BYTE*) ran a cover story in February 1996 proclaiming: "Toss your tube: How the Internet will replace broadcasting".

²⁸ WebTV began in the late 1990s as a system with a computer chip, a 33.6kb modem, a credit card "swiper", keyboard, remote control and 2MB of RAM. It was a "barebones, limited purpose personal computer or internet access device hooked up to a television set. Users of WebTV used their televisions as monitors." In 1997, after five months of operation, WebTV had "fewer than 100,000 subscribers. Despite its heroic efforts to achieve ease of use, the 60 percent of the general public that does not already own a PC did not appear convinced that this or any computer is easier to deal with than the flashing clock on the VCR." Eventually, Microsoft purchased WebTV for US \$425 million and in late 1997 a second-generation device was launched. This version included a 1.1-gigabyte hard disk so subscribers could store web information (downloaded late at night for use the next day). Still, nearly a year after Microsoft announced its purchase of WebTV, the service only had 250,000 subscribers (Owen, 1999: 320).

²⁹ Complicating the transition is the fact that traditional forms of television broadcasting will likely exist for a while yet – well into the diffusion process of PVR and VOD technologies. "Most households will still possess an analogue or analogue-plus-set-top-box television receiver for some time to come." Indeed, it is possible to envisage "a future which contains a great deal of synergy and interdependence between traditional and new media; the new media will extend the capabilities of the old, and the old media will nourish and support the development of the new" (Allen, pp. 62-63).

³⁰ From the earliest days of conventional broadcasting, advertising has played a crucial role. "People were to be amassed in the millions before the tube, not to be educated or informed or enlightened or uplifted – or even to be entertained. They were to be massed together to watch commercials, preferably American ads. They would then rush out to buy stuff, preferably American stuff. For television was the greatest selling machine of all time. People within the industry, in ad agencies and in boardrooms of transnationals in particular, all recognized this from early on." (Segrave, p. 9). The role of advertising in a VOD environment is challenged by the ability of viewers to fast-forward through advertising in 'real time.'

³¹ The concerns are similar to those raised with the "timeshifting" capabilities of the VCR, as timeshifting was seen to allow viewers to "remove themselves from the constraints of television networks and exercise ultimate control over the time, speed, sequence and context in which programs are watched." That said, the convenience to viewers "breeds considerable upset in advertisers and audience surveyors." Timeshifting makes it impossible to know if viewers are watching advertisements or fast-forwarding through them. "Likewise, it is extremely difficult to determine exactly the size of a time-shifted audience" (Attallah, p. 261).

³² From the very beginning of broadcasting in Canada, in the early days of radio, spillage of American programming across the border into Canadian airwaves was a concern. At that time, policymakers were mainly concerned with related technical and infrastructure issues, such as poor reception due to interference from powerful U.S. stations (which required international negotiations) and the lack of facilities in less-populated areas of Canada (which required national infrastructure to be built). As Marc Raboy notes, however, the problem of program content "was more subtle, and the solutions less clear" (Raboy, 1990, pp. 21-22).

³³ With the creation of the CBC, the federal government enlarged its role in broadcast regulation. The CBC was the by-product of the government's centralizing project: "the promotion of one Canadian identity" in opposition to "the more and more influential American popular culture" (Filion, p. 449).

³⁴ Pressures for more Canadian shows on Canadian television led the BBG to issue regulations. "Originally the BBG proposed a minimum 55 per cent Canadian content rule to go into effect in 1960 and to be measured over a one-week period. Also proposed by the BBG was that in prime time (8 to 11 pm) stations

had to reserve two hours each night for 'purposes to be prescribed' by the BBG" (Segrave, 42). The regulations were largely aimed at the private stations, since the CBC English network had about 66 per cent of its airtime devoted to Canadian programming. The commercial stations were much lower. "Both networks had less Canadian content in primetime than in their overall percentage" (Segrave, 42). The BBG was sure that putting Cancon into primetime would give them access to much higher revenues, which would lead to bigger bankrolled, better shows" (*Variety*, 1962, p. 30).

³⁵ In 1967, Canadian state secretary Judy LaMarsh told the Canadian Parliament's broadcasting committee, "I just don't think it's good enough to sit all evening and let the culture of another country pour into our ears and eyes" (cited in Segrave, p. 97). LaMarsh was highly critical of the BBG's lack of authority. She wanted the private broadcasters to face regulations with real teeth in them. Later the same year the BBG was replaced by the Canadian Radio and Television Commission (CRTC).

³⁶ The CRTC revised Canadian content regulations through a process of negotiation with the broadcast sector. The final Cancon quotas required private stations to show 60 per cent Canadian programming on a daily basis, and 50 per cent during primetime (which the CRTC defined, I think mistakenly, as 6 pm to midnight). "The spirit of these regulations has regularly been thwarted by bunching Canadian programming in the early or late evening," leaving the peak primetime hours (8 p.m. to 10 p.m.) to American programming (Hoskins, Finn and McFadyen, p. 76).

³⁷ "In Canada, broadcasting is considered an instrument of production and diffusion that must contribute to the maintenance and development of Canadian culture and its various components. The 1968 Broadcasting Act was quite explicit on this matter" (Tremblay, pp. 237-238). The more recent 1991 Broadcasting Act is even more direct. Article 3 (5), defines Canadian broadcasting policy and its role in the maintenance and enhancement of national identity and cultural sovereignty as fundamental objectives. Later, the Act addresses the need to encourage Canadian cultural creation and expression. And finally, the Act obliges broadcasters to draw upon Canadian talent and resources in the creation of their programming.

³⁸ With 'simultaneous substitution', "the CRTC issued a new rule whereby if two stations carried the same show at the same time on both a Canadian and a U.S. station, then the U.S. signal had to be blacked out, with the Canadian version telecast on that channel... the rule [which remains in effect today] has the effect of placing the Canadian ads (from the Canadian outlets) on the U.S. channel, even if the viewer picked the U.S. outlet over the Canadian station for the simulcast" (Segrave, p. 137).

³⁹ With "simultaneous substitution" regulation, a network may request that 'broadcasting distribution undertakings' (BDUs) replace the advertising on the American network with the Canadian networks' advertising. "The program *Law & Order*, for example, may be shown on Tuesdays at 9:00 p.m. on both CTV and NBC," Canadian viewers watching the NBC broadcast will be able to see the show, but they'll watch CTV's advertisements" (Canada, 2003, pp. 284-85).

⁴⁰ It is a framework, as Filion contends, that "has always been divided into two opposite concepts: a political means devoted to create a national cultural identity or a commercial instrument relegated to make financial profit" (Filion, p. 447).

⁴¹ Given some of the discussion going on at the time, the Fowler Committee may have been right to question the intentions of private sector broadcasters in Canada. From its earliest days, businessmen took keen interest in the potential moneymaking abilities of television. "Late in 1959 a survey was undertaken by *Executive*, a monthly Canadian magazine 'for men of decision.' If they had their way those Canadian businessmen would reduce television's role of 'enlightening, educating, unifying and informing' in favour of emphasizing its capacity to 'entertain, relax and sell.' Nearly all of those executives interviewed wanted Canadian television to 'meet the U.S. pattern.' What they wanted was 'more profits for the broadcaster, better selling for the businessman.' ... Executives interviewed believed Canadian television would become a better selling tool when programs became 'light, bright, antiseptic, wholesome, cheerful, easily understood and escapist - like American television'" (Segrave, pp. 10-11).

⁴² The U.S. industry trade magazine, *Broadcaster*, responded to the CRTC's course in an editorial, saying, "Canadian is not free to decide what he will watch on television or listen to on radio." The editorial described the CRTC as a group of "fanatical idealists," and went further in the next issue of the magazine. Noting the use Adolf Hitler had made of German broadcasting as a propaganda tool, the magazine declared that what the CRTC "is really doing -perhaps unknowingly- is laying the foundations on which other less scrupulous authorities may readily build a fascistic machine, comparable to the one Hitler used to enslave most of Europe." The editorial added that the CRTC must be stopped because it was driving a rampage "aimed at the total subjugation of the Canadian broadcast media" (quoted in Segrave, p. 134).

⁴³ On hearing about the raised Cancon requirements, Canadian Association of Broadcasters executive Raymond Crepault hissed: "We should be thinking not of separating from the civilized world but joining it vigorously and forcefully... We will not create an international presence by dissipating our funds and energies on a fragmented series of necessarily low-budget interviews or amateur movies... In the league of the very near future, one superb and masterly 90-minute program will do more for Canada and the Canadian identity than 60 hours a week of homely mediocrity" (quoted in Segrave, p. 134).

⁴⁴ Also in the 1970s, the CRTC redefined primetime as 6 to 12 p.m., allowing the private networks to include news programming as Cancon and allowing them more wiggle room on the schedule to include American fare while still meeting their Cancon requirements (Segrave, p. 136). The status quo was undisturbed, and the CRTC was able to save face.

⁴⁵ While the CRTC and cultural policy calculate the contributions of the private sector to the Canadian content making it to the airwaves, some broadcasters, in an move that strikes at the spirit of Cancon regulations, calculate "how much profit they forego in order to meet their Canadian content requirements. The 'opportunity cost' is what broadcasters figure they lose in revenues when broadcasting Canadian shows" (Jeffrey, pp. 243-244).

⁴⁶ Celebrated Canadian writer Mordecai Richler once quipped: "Nationalists are lobbying for the imposition of Canadian content quotas in our bookshops and theatres ... in a word, largely second rate writers are demanding from Ottawa what talent has denied them, an audience" (cited in Collins, p. 143). What Richler fails to mention is that film and tele-dramas of his own works were made possible by the very 'nationalist' regulations he distrusted. For example: *The Apprenticeship of Duddy Kravitz*, which was released in 1974 and supported by the CFDC and the CCA; *Joshua Then and Now* (1987) with support from Telefilm and the CBC; and *Wordsmith* (1979) which was made by the CBC. None would have made it to the screen if it weren't for those 'nationalist' regulations.

⁴⁷ Indeed, a federal government task force on broadcasting released a report in 1986 that found Canadians prefer to watch U.S. shows instead of Canadian ones. But there was an interesting undercurrent to the findings. Viewers, the report elaborated, will watch Canadian programming almost in direct proportion to its availability. For example, in an average week of English language television, 28 per cent of the programming available was Canadian-produced – and, the task force found, that programming was watched by 29 per cent of the Canadian audience. The 1986 task force recommended more Canadian content, but the CRTC did the opposite when it lowered Cancon requirements for newly licensed pay-TV movie channels (from 50 per cent to 30 per cent) and reduced the share of gross revenues required to be invested in Canadian productions (from 45 per cent to 20 per cent) (Segrave, p. 196).

⁴⁸ "American product is welcomed because we live by it," remarked CBC Films Canada executive Ken Page in the 1960s (a time when Canadian content regulations were being hotly debated). "We have to have it. And the same shows are enjoyed" (cited in Wilson, pp. 156-158).

⁴⁹ Herbert Schiller has explored these notions of economies of scale extensively (Schiller, 1969). Schiller, who also uses more aggressive terminology such as 'culture dumping' to make his point, suggests that one of the sole reasons the U.S. has succeeded in the broadcasting sector – in fact, dominates the sector – is through its crafty tact of selling in a foreign market at prices below that in the domestic market – or below

production costs.

⁵⁰ “Cultural products are distinct from the commodities in that one of their use-values lies in the ephemeral appeal of novelty or difference, so the consequent continuous development and production of new cultural products has high fixed costs. However, the costs of reproduction are marginal.” Secondly, cultural products “are not used up in the act of consumption ... Broadcasting in particular is a type of ‘public good’, in that simultaneous access to a radio or television series is in technical terms both ‘non-rival’ and ‘non-excludable’.” In other words, when I watch a television program, the act of my watching the show doesn’t interfere with your ability to watch (or ‘consume’) it as well (Sinclair, p. 36).

⁵¹ The ‘economies of scale’ problem pertains to radio broadcasting as well. Even in the earliest days of radio, the economics of broadcasting made the production of original, quality material difficult “or at best uninviting for entrepreneurs whose interest in the medium was essentially financial. An alarming proportion of the program material broadcast was imported from the United States” (Raboy, 1990, p. 22).

⁵² “For American producers, Canada represents a safe, convenient ... bonus market that requires no maintenance or cultural adaptation and can be satisfied with overruns from domestic production” (Crean and Rioux, p. 35).

⁵³ Crean and Rioux concur, arguing that the economic environment of Canadian broadcasting “mitigates against original Canadian production and sanctions absolute disregard for the importance of one’s own native culture” (Crean and Rioux, p. 71).

⁵⁴ Still, Tracey and Redal remind us that we ought not kid ourselves into thinking that American programming dominates Canadian schedules because it is of a high quality: “the ubiquitous presence of American television in the program schedules of the world owes more to its economics (it is cheap) than to its enchanting genius” (Tracey and Redal, p. 353).

⁵⁵ Of course the flow of television programming is almost exclusively one-way (from the U.S. out). One factor Collins points to is the “chauvinism of U.S. television viewers. Their taste for endogenous and not exogenous television is exemplified in the prevalence of sales of program formats rather than programs to U.S. television by foreign producers.” In other words, American television executives are far more likely to buy the idea of a show and then create their own version of it than purchase the original from foreign market (Collins, pp. 16-17).

⁵⁶ Simultaneous substitution was born out of a concern among the private broadcasters that they were losing advertising dollars when Canadian companies bought airtime on American networks. “Many Canadian companies ran ads on those U.S. outlets penetrating into Canada, drawing more money out of the country... Some \$5 million to \$20 million was spent annually by Canadian firms advertising on U.S. border stations” (Segrave, 42). A station in Bellingham, Washington, took 90 per cent of its \$9 million yearly revenue from Vancouver. A station in Pembina, North Dakota, took \$1.4 million of its \$1.6 million total revenue from Winnipeg audiences. While Canada was paying some \$40 million a year for U.S. programming in the mid-1970s, it was losing another \$20 million a year on ad revenue being diverted to U.S. border stations (Segrave, p. 137).

⁵⁷ Austen puts the problem in hard numbers: “It’s not hard to see from a pure business standpoint why private Canadian TV broadcasters have become essentially pipelines for U.S. shows. It costs about \$700,000 to \$1 million to produce a single hour of real Canadian entertainment programming... while there are a variety of funds and agencies to help finance the show, its chances for commercial success are dicey. Canadian programs receive only a fraction of the free publicity that falls on even the lamest U.S. shows ... By contrast, the formula for success with simulcasting U.S. shows is dead simple. You buy a big American hit for about \$90,000 a one-hour episode. Selling commercials is easy. Many advertisers prefer to drop their money on a simulcast of a U.S.-made sure thing such as *America’s Funniest Home Videos* rather than an unknown Canadian product. Those ads should pull in about \$250,000, leaving a gross margin of \$160,000.

With numbers like that, why would you do anything else?" (Austen, p. 78)

⁵⁸ Peter Desbarats makes a compelling counter-argument. He insists that critics of the private sector, blinded by their ire towards profiteering owners, are missing key pieces to the puzzle. They assume, argues Desbarats, that a few million dollars, taken from owners' pockets and given to Canadian television producers, would solve the problem. But no one, Desbarats contends, has ever demonstrated this to be true. To illustrate the contrary, Desbarats points to the experience of the late Al Bruner, who "drove Ontario's Global TV into bankruptcy in its first season" on a rich diet of Canadian programming. This example "seemed to indicate that many complex factors were involved in the 'failure' of private television". There is no guarantee, Desbarats adds, that "simply throwing the owners' money at the problem would resolve it" (Desbarats, p. 304).

⁵⁹ Source: CRTC Statistical and Financial Summaries for Television, 1989-1994, through 1997-2001.

⁶⁰ Herschel Hardin penned one of the most detailed criticisms of private television published to date. In *Closed Circuits: The Sellout of Canadian Television*, Hardin attacks the CRTC, saying the regulators, "created an Americanized broadcasting structure that was never intended and never envisaged in the legislation that the agencies were created to implement" (Hardin, p. 167).

⁶¹ "In the past decade," adds Desbarats, "Canadian broadcasters have felt the cold winds of competition blowing through this cosy world. The licensing of new private Canadian stations and specialty channels has fragmented a television audience already diminishing because of growing numbers of VCRs in homes and changing lifestyles" (Desbarats, pp. 307-08).

⁶² Desbarats cautions that the problem of fragmentation hasn't been exclusive to Canada. "In the 1980s, network audiences in the United States started to shrink for the first time in the history of the industry" (Desbarats, p. 308). He warns that "if North American television viewers are switching off because they find much of the American entertainment on the small screen boringly predictable and cluttered with commercials, that is particularly grim news for the private Canadian stations that have prospered for decades on imported U.S. programs" (Desbarats, p. 309).

⁶³ Perhaps the diversity offered by VOD distribution will quell fears posed by critics of conventional broadcasting like Attallah, who argues the problems with conventional broadcasting are twofold: 1) in its attempt to appeal to everyone, television reduces everything to the lowest common denominator; and 2) universal appeal is fundamentally impossible – certain audiences and sectors of the population will be invariably and systematically excluded (Attallah, p. 258).

⁶⁴ Starowicz presents a similar analogy in his vision of the future of television as "an appliance that accesses a gigantic magazine stand, which is constantly being replenished. A magazine stand that not only contains this week's releases, but remembers every magazine that appeared on that newsstand before" (Starowicz, 1996, p. 238).

⁶⁵ See also Acheson and Maule (p. 352), who argue, "If content is more than a mirror of our lives, and actually conditions what we are as individuals and as societies, how the menu of choices is determined is important, as are the economic terms of our access to those choices".

⁶⁶ From a production perspective, Mark Starowicz presents an optimistic view on the issue of 'gatekeeping.' Barriers to entry into broadcasting have been falling over the past twenty years in Canada. We now have video cameras that produce broadcast-quality footage, and powerful editing software available for home PCs. "This is a massive devolution of power" once held by large broadcast institutions. But until recently, there remained one last (but not insignificant) barrier: transmission and distribution. The gatekeepers in the TV industry own or control access to the scarcest of TV franchise: "a spot on the dial or converter". With the advent of VOD-type distribution technologies, centralized control over the "spot on the dial" is no longer a factor (Starowicz, 1996, p.238).

⁶⁷ In this age of technology, “the fundamental question for broadcast policy makers has as much relevance today as it did when first raised by cultural nationalists back in the radio days of the late 1920s: How to ensure that Canadians receive domestically produced programming from their broadcasting system, given the abundance of American shows available from Canadian and U.S. stations” (Jeffrey, p. 205).

⁶⁸ Fred Fletcher argues “the new media make possible the importation of culturally reinforcing materials by local minority cultures ... Multiple identities are certainly possible. What appears to be necessary is the preservation of effective national public spaces in which sub-committees can participate. Among the most promising mechanisms here are public broadcasters, which must be encouraged to adapt quickly to the new forms of production and distribution looming on the technological horizon” (Fletcher, p. 370).

⁶⁹ As Marc Raboy explains, Habermas’ notions of a public sphere are further developed by Curran’s model of a democratic media system based on a conception of “the public sphere as a core surrounded by satellite networks and organized groupings. The core public sphere is the public space where all interests interact with one another in seeking to establish agreement or compromise about the direction of society. Feeding this core are a number of umbilical cords that connect it to the life force of civil society – different interpretative communities with a shared normative conception of society ... different organized groupings ... different sub-cultures ... and different social strata within distinctive interests and social experiences” (quoted in Raboy, 1993, pp. 30-31).

⁷⁰ Still, despite what the Act may say, “business has most of the time held the upper hand ... The public service commitment of Canadian broadcasting faces grave challenges, in spite of the rhetorical reassurances enshrined in the legislation governing it” (Raboy, 1996 [b], p. 182).

⁷¹ “Canada’s position,” Lormier contends, “starts with culture, acknowledges the industrial nature of cultural production in our modern information economy, and ends with cultural goals which may be achieved in part by industrial means... [Whereas] the U.S. position starts with markets, speaks in the language of free trade, property rights in copyright, free speech, free flows of information, consumer rights, and entertainment products, and ends with markets” (Lorimer, p. 10).

⁷² Starowicz cautions that “A combination of privatization, indifferent regulation, and weakening of the public broadcaster” has allowed Canadian television “to become more and more driven by market forces,” which inevitably favour importation over production (Starowicz, 1993, p. 88).

⁷³ In later writings, Raboy argues that although “most of the arguments raised against enhancing the public dimension of the system tend to be economic, the real obstacles are political. The simple fact is that the principal shareholders of the private sector and [the CBC] share a vested interest in the prevailing structures, despite their differences. The public interest demands that neither should be sacrosanct” (Raboy, 1996 [b], p. 198).

⁷⁴ As a pointed illustration of the problems vexing the broadcasting industry at the time the issue of ‘free trade’ was being debated, one can look to the “free trade debate that wasn’t”. In the mid-1980s, an idea for a nationwide television debate over the issue of the free trade deal was floated. A meeting of leaders from both sides of the issue was held to discuss how such a debate would happen and who would broadcast it. At the table were a number of cable companies and the two private networks, but conspicuously absent was the CBC. The public broadcaster was the only major Canadian TV player not to attend. The CBC told the organizers that it couldn’t consider cutting off any of its U.S. programming by airing the debate. The ad revenue loss would be too great. Indeed, the CBC was in a financial bind, largely due to successive budget cuts, which ironically would become even worse under the free trade deal. In the end, the inability to find a host broadcaster compounded with other reasons to ensure that no nationally televised debate on free trade ever took place (Salutin).

⁷⁵ For a comprehensive examination of the “culture debates” surrounding Canada’s participation in the free trade agreements, see McAnany and Wilkinson. “Throughout the negotiations over the three agreements to

which Canada has taken part (FTA, NAFTA and GATT), culture has emerged as a potential spoiler to the unhindered flow of products and services. "The disagreements over culture and free trade centre around the understanding of how cultural products and services fit into such trade regimes" (McAnany and Wilkinson, p. 3). On one side (generally argued by the Americans), culture is "something that should be subject to free trade principles in the same way as automobiles, textiles or agriculture". On the other (a view argued by Canada and many other non-U.S. nations), rests the complicated belief that "the presence of foreign (often American) cultural products causes the erosion of cultural values and identities in the receiving societies" (McAnany and Wilkinson, p. 4). For Canada, NAFTA wasn't to be a choice between either free trade or cultural resistance. In NAFTA, Canadian "policymakers wanted the promotion of free trade as well as some form of cultural protection" (McAnany and Wilkinson, p. 11).

⁷⁶ Negotiations for the North American Free Trade Agreement (NAFTA) between Canada, the U.S. and Mexico, began in the spring of 1991. The U.S. trade representative argued that culture had to be on the table, but their Canadian counterpart said absolutely not. Canada won that battle, but it remains unclear what the prize was. "The cultural exemption perpetuated a familiar charade," says Segrave, "the myth that Canada had succeeded in protecting its cultural sector during the FTA negotiations." The U.S. representatives were especially bothered by a roster of Canadian policy arrangements which they felt "discriminated" against American "product": Cancon quotas, Bill C-58 (which disallowed tax breaks for Canadian advertisers using U.S. airwaves), simulcasting requirements (which interfered with the "relationship" between U.S. advertisers and their Canadian audiences). The Americans were also annoyed by the public funding that went into Canadian film and television production, and they were generally irritated by the existence of the state broadcaster, the CBC (Segrave, pp. 250-252).

⁷⁷ "In asserting that *either* free trade *or* cultural exception will win the day, we may not find an answer down either path. For instance, when (if) Canadians have strong enough cultural industries, will they abandon protectionism and go the free trade route? But then, wouldn't weaker countries, those dependent on Canada, for example, invoke the same protectionist policy principles regarding cultural imports from Canada? Or won't new technologies make all protectionist strategies impossible anyway?" (McAnany and Wilkinson, p. 4).

⁷⁸ Mark Starowicz points to an anomaly inherent in Canada's substantial infrastructure of laws and regulations governing the broadcast sector. There are content regulations and strict rules governing ownership of communications institutions. "It is against the law for a foreigner to own any equity in a TV or radio station. The real estate and the physical assets of a TV station are therefore rigidly protected from foreign influence. But the output of a TV station, which some may argue is the more relevant dimension of the enterprise, is less vigorously defended" (Starowicz, 1993, p.85).

⁷⁹ "Governments have found it relatively easy to control information when it is circulated in material form," says Collins. But digital distribution obliterates the ability to grab a tangible hold over cultural product. "New electronic distribution technologies make possible large transnational publics for information and culture and an international marketplace that can only weakly be controlled by nation states" (Collins, p. 9).

⁸⁰ The moment television programming space becomes infinite, television "becomes like newsprint – there is no apparent justification to regulate the allocation of this resource in a democracy. Regulation will collapse, and the unrestrained marketplace will shape television and radio" (Starowicz, 1996, p. 239).

⁸¹ As Stuart Hood and Thalia Tabary-Peterssen (1997) put it in *On Television*, their broad critique of the television industry, "the future shape of the television industry will be determined by political decisions taken at government level." These decisions, argue Hood and Tabary-Peterssen, will be determined by how the government perceives television "as an industry in which the market decides – or as a medium which can provide a public service supplying ... information, education and entertainment." The ideal direction is the latter, I think, but meeting it will require that Canadian policymakers listen less to the industry movers and shakers and think more on behalf of Canadians today and tomorrow.

⁸² It is a notion echoed by Raboy when he says: "We need to stop talking about public broadcasting and start acting on it. We need to create ... spaces in which the different constituent elements of the public can articulate their needs and entertain a reasonable expectation of obtaining meaningful results" (Raboy, 1990, p. 357).

⁸³ "If the Canadian broadcasting experience demonstrates anything at all, it is the need to build new, interdependent relationships between creators and publics which minimize their present mutual reliance on the centralizing and dominating tendencies of both capital and the state" (Raboy, 1990, p. xiii).

⁸⁴ Starowicz adds that "astute national governments will read current trends and see the equivalent of the automotive age or the computer age and will develop an industrial strategy to assure a significant national television industry. They will not only renew and refocus their public sector but assure the emergence of a globally competitive private sector. They will invest in craft training and development programs in their educational streams. They will also identify their niches in the global market as the British have capitalized on their news tradition" (Starowicz, 1996, p. 247).

⁸⁵ Getting out of the business of buying U.S. programming "is now more appealing than it was in the past because of the rising cost of imported American programming in a world of increasing competition for programming of any kind, in Canada and internationally, and because of higher prices paid overseas for quality Canadian television programs" (Desbarats, p. 309).

⁸⁶ Desbarats agrees: "[A]fter years of awkward and disappointing attempts to 'Canadianize' the industry by regulation, technological and market developments are forcing private television to play a larger role as a producer and distributor of Canadian programs" (Desbarats, p. 302). For Starowicz, "the only formula for television survival in the global era is to *produce* television, not merely *exclude*" (Starowicz, 1996, p. 246).