Canadian communications policy and the new technology

by Peter Black

Telecommunications has been simultaneously described as the answer to the nation’s cultural prayer and the greatest threat ever posed to the survival and nurturing of Canada’s national identity. The validity of these observations and their intermediary positions are becoming increasingly urgent, as, at this point in the evolution of applications of new technology, knowledgeable observers of technological events are increasingly reluctant to speculate on the long-term impact of telecommunications advances on Canadian cultural and economic sovereignty. It is too early to tell; they say: the dust has not yet settled from the first explosion of telecommunications innovations.

What is accepted universally is that there is no turning back to the days of an easily regulated and economically secure communications sector. The microchip and the satellite have torn down the artificial convention of national borders and galvanized the nations of the world into globalization more suddenly than McLuhan himself may have foreseen, let alone the politicians and the regulatory authorities they erect.

For a nation which had still not yet come to terms with the cultural impact of broadcast television, the opening up of the skies of all manner of foreign signals has, in the assessment of Canadian Radio-television and Telecommunications Commission (CRTC) Chairman Andre Bureau, “intensified the challenge to maintain a distinctive communications service for Canadians, especially with regard to the promotion and enhancement of Canadian content in broadcasting.”

Canadians especially have a stake in the direction the development of new telecommunications technology. A 1975 Stanford University study found that already over a majority of Americans were working in the production, processing and distribution of information goods and services. For Canada, bound together as it is by the telecommunications infrastructure now in place, the restructuration of the international economy has particular importance: if the nation cannot keep pace in providing enough domestic sources of information products, others are more than eager to provide them for us. In an information economy, Canada’s dependence on primary resources as the engine of growth necessitates a radical re-orientation to help the country elbow into the zero-sum global market for information goods and create jobs for Canadians.

The implications are equally serious for the Canadian cultural community which has always struggled for attention and survival against the overwhelming influence of the American arts and entertainment industries. With American satellites capable of beaming American programming into every nook and cranny of Canada, providing the kind of entertainment Canadians seem to crave, new approaches are needed to assist Canadians achieve their fair share of exposure in the globalized communications world.

According to Bob Long, executive director of the Canadian Advanced Technology Association (CATA), Canada must “roll with technological change or be rolled over.” In terms of Canadian cultural industries, the way of the future may be to reverse the traditional tack of using the domestic market as a springboard to international success, and to a far greater degree integrate Canadian program production with foreign concerns.

Quality dramatic production has always been a costly proposition in Canada. With the vastly increased competition from American channels, private broadcasters are looking increasingly to co-productions as the only way to finance domestic drama production. The Canadian Association of Broadcasters (CAB) goes as far as advocating that all dramatic productions which are exclusively Canadian in theme “should be created by the public sector, using public funds,” leaving the private sector free “to apply its re-
sources to the types of programs that they know will repackage their viewers to Canadian programming and to sell these programs to maximize audiences."

In response to the private broadcasters' pleas for more flexible Canadian content rules, the CRTC has taken a point position similar to that used under the capital-cost allowance program for certifying Canadian feature films. The system appears to have satisfied the broadcasters' overall concern about its openness to co-productions with foreign concerns.

The CBC has been mandated to provide more Canadian content programming. However, for economic reasons, has been unable to supply. Canadianization of the CBC, announced under the previous government, set a target of 80 per cent Canadian content in peak hours by 1980. Fifty per cent of which is to be provided by independent producers. Monies from the Canadian Broadcasting Development Fund and Telefilm Canada, plus whatever resources can be freed up from a rationalization of services, are to be allocated to the creation of independently produced programming for the public network.

In an effort to bolster Canadian content and economic growth, throughout the country, the CRTC has initiated hearings on the reception of distant Canadian signals. According to the CRTC, the introduction of distant signals "might be one way of ensuring that the broadcasting system, as a whole, remains predominantly Canadian." In the cases of those cable services at present offering limited Canadian programming, the overall policy objective is questioned by the broadcasters' association.

According to the CRTC, adding two Canadian superstations to cable services now offering the standard six Canadian and four American signals, would increase the overall Canadian content received by subscribers by no more than three per cent, while threatening the national-security concept of a competitive Canadian cable industry.

Cable companies are only too anxious to offer more programming to potential subscribers in a cable market very likely to grow to about 60 per cent of Canadian households.

The initial promise of discretionary (pay) television as a vehicle for Canadian talent and production has been in the view of almost all concerned, an unqualified disaster. According to Ottawa communications consultant Peter Lyman, "between $40 and $60 million" in special programming, veers away from broadcasting to the hands of Canadian viewers. In the first year of licence operations.

The decision to license pay-TV was probably the most significant broadcasting policy decision in a decade. Nowhere are the policy issues more complex than by technological advances and more dramatic. Economies introduced in haste to stunt the already burgeoning growth of earth-stations receiving U.S. signals, pay-TV was thought to be the saviour of the beleaguered cable industry and providing a vehicle for Canadian film production faced with limited theatre markets. Targets of 50 per cent Canadian content in production and 60 per cent in production expenditures were set. The scramble was on for subscribers, investors and Canadian programming. In just over a year two licensees were down.

Star Channel in the East and C Channel's national service, Allarcom, the Alberta licensee, applied to the CRTC for extinction of its licence to operate. A year later, Allarcom, having swallowed Ontario's Superchannel, and First Choice, having consolidated French-language operations, announced that it was divesting its ownership west across the country.

This furious corporate battle for survival and consequent restructuring necessitated by the impossible economics of the pay-TV option foisted the objective of providing a greater degree of television services over which the CRTC would have authority to regulate than on an annual basis.

This decision provoked a storm of protest from the public sector and the industry and was overturned on appeal to cabinet.

Recent developments in pay - the introduction of specialized music, sports and news programs, have absorbed the appeal of pay, but subscriber penetration still hovers at about 10 per cent of cable households, far below the expectations of the industry and a continued source of financial strain to investors.

Despite the calamitous introduction of pay-TV to the Canadian market, one positive product has been the upgraded cable system with the infrastructure to provide a greater variety of Canadian programming, if and when the market develops.

If the CRTC's objectives in proceeding with pay-TV had been to thwart the introduction of American pay services, the Canadian concerted to quota minister of Justice to forestall prosecution of cable companies pirating U.S. signals seems to mark a step in a contra-reformist direction to the ideological charges of political favouritism. This indicates that the reception of foreign signals by Canadian cable may be viewed as essential to the growth and development of the industry and a continuing source of financial strain to investors.

The decision to continue in these programming policies in the view of the industry's competitors, to counteract the availability of American signals.

Under the new CRTC licence, the Telethon program, like Canadian satellite technology, is a victim of the CRTC's objectives in proceeding with pay-TV and other technological advantages while other nations catch up has cost the nation millions, a measure that, in its current state, is far from being a reasonable rate of exchange.

The system is said to have been designed to encourage more competitive and marketable international standard for video and sound, but will the new minister's Nov. 8 Economic Statement.

"To what extent the new government will substitute the previous regulatory mindset for a more market-oriented bias, as a result of the differences in the interests of the industry and the public sector, is a departure from the previous regulatory mindset whereby satellite technology far outpaced the ability of Canadian regulators' understanding of its potential marketable uses."

Bob Long of CATA says Canada "blew" its chance to regulate a major area of communications technology in not selling space to the Americans while they were designing their own satellites, in return for agreement to use Canadian TV noise hardware.

Canada's failure to capitalize on its technological advantages while other nations catch up has cost the nation millions, a measure that, in its current state, is far from being a reasonable rate of exchange.

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