

# Letter to the Government of Canada regarding Canadian Content in a Digital World

By Casey Johnson

## **Key Points**

*~ Investing in culture builds social cohesion*

*~ Culture should be funded through the public sector*

*~ Business and trade should be regulated in accordance with social priorities*

## **Summary**

Investing in culture supports our collective well-being. Funding culture should be a core value and should not be contingent on the shifting economic or technological landscape. Cultural and economic priorities should be evaluated and addressed separately. Globalization has profoundly disrupted the Canadian information economy. During this paradigm shift, active government involvement is required to ensure a healthy, sustainable and diverse national culture.

November 24, 2016

To Whom It May Concern:

I am writing to express my views on the future of Canadian content in a digital world, as it pertains to federal policy.

As a musician, artist and media producer, I am deeply invested in the cultural sector. I was the composer for the documentary feature film *Al Purdy Was Here* (TIFF 2015). I have been a radio host and producer for almost ten years (*Rock and Roll Radio* 90.3 FM Montreal / 89.5 FM Toronto, 2007-2016). I have worked archiving commercial media assets for donation to public institutions (Sphinx Productions). I have registered my own Canadian content on SOCAN and filled out logs as a radio producer for SOCAN royalty payouts. I have looked into getting FACTOR grants and residencies at the Banff Centre for the Arts. I have worked as a camera operator for corporate productions and I am a member of artist-run centers (Liaison of Independent Filmmakers of Toronto / Gallery 44). I have attended arts grant writing workshops and have applied to the Ontario Arts Council. I have written about the history of printmaking in the Arctic, and am involved in the Toronto DIY music scene.

All this is to say, I have a broad range of experience living and working in the cultural sector. Not only am I speaking from personal experience, I am also part of a larger arts community. My views are personal, but they are also representative of a wider demographic.

I am affected by the precariousness of the gig economy every day and I am keenly aware of the need for public support of the arts. As an urban freelance cultural producer in my early thirties, my livelihood is directly impacted by government policy regarding media, the arts and the information economy.

It is vitally important to look at what role government should play in this new world of “content”.

From a social perspective, media can perform a variety of functions. Culture unites people, bridges gaps and builds understanding between diverse groups. From a historical perspective, people find it important to be connected to their roots and to understand where they come from. Connection with one’s heritage creates a sense of continuity with the past and can help foster a deeper sense of well-being. This positive benefit should not be underestimated. In the face of economic challenges, culture can give people the perspective and sense of fulfillment they need to persevere. An understanding of the past is also necessary to put the present in context. For example, learning about our colonial history might help a contemporary First Nation’s person better understand their everyday experience of systemic discrimination.

Culture can show people that they are not alone, but rather part of a larger human dynamic. Cultural investment can build social cohesion, reduce division and foster reconciliation. I believe it is fundamentally important for the federal government to help all Canadian people connect with their respective histories. This is a stand-alone value that should not be contingent on technological or economic circumstances. Regardless of the distribution channel, the medium or the funding structure, it is always possible to help people connect to their roots. This can be done through schools, community programming, film, radio, libraries, academic research, parks, television, the performing arts, social media, publishing, journalism, artist-run centers, etc.

I also believe it is important for the federal government to support public participation in contemporary culture –*making* culture. This is another stand-alone value that should not depend on the changing economic, technological or political landscape. Supporting cultural engagement should be a core national value.

Participating in culture makes people happy and brings us together. Culture is not a means to an end. It is what your life feels like. Cultural activity is an index of human connection and a gauge of collective understanding. People who do not participate in some form of culture often feel isolated from society. Whether it is singing in a choir, showing photographs at the local library or participating in a dance class, the experience is fundamentally the same.

Active cultural engagement fosters dialogue between people. It facilitates growth and helps people overcome personal and collective challenges. Culture, in this sense, is not content. It is not a commodity or a product – it is an experience. Building culture means helping people engage in cultural experiences that are meaningful, accessible and relevant. This type of value is not reflected in box office revenues, international trade, television ratings or advertising budgets. The only real measure of cultural value is what the experience means to people.

How do we measure this experience? Ask people. Do you have access to books that speak to you? Do television shows reflect you and your community? How many times a week do you participate in a rewarding collective cultural activity (karaoke, pottery-making, a poetry reading, band practice, going to a movie, etc.)?

Supporting culture, however, does require resources. Libraries need to pay their staff. Writers need to be paid to write books. Artist-run centers need funding to keep the lights on. Journalists need salaries to do investigative reporting. Community centers need predictable budgets to provide youth and senior programming.

Anyone who is involved in any kind of cultural industry knows that the Internet has changed everything. Information and all forms of media are becoming truly globalized. The division between producer and consumer is blurring. Everyone is producing and everyone is consuming. People are creating and absorbing new media at an exponential rate.

Instagram is the new art gallery. Facebook is the new community billboard. Netflix is the new movie theatre. YouTube is the new television, and Apple Music is the new record store.

This is not just a technological shift, it's a shift in ownership. All of these new platforms are owned and operated by multinational corporations. While access to media production and distribution technology is increasing, media ownership is becoming more and more centralized. On a philosophical level, this should not affect the core values described above. It is only when culture is seen as a product that it becomes a commodity.

It is for this reason that it is essential to separate economic value from cultural value at every stage of the discussion. Economic priorities should not be confused with cultural priorities. An economic rationale should not be used to justify cultural policy nor should a cultural rationale be used to justify an economic policy.

Canadians are used to a highly regulated media economy. We have lived in a world where television, publishing, filmmaking, music and radio have existed (more or less) within geographic boundaries. We are used to being sheltered from global competition. Canadian culture, as we know it today, is a product of national regulation. From a millennial perspective, the cultural industry of the 20<sup>th</sup> century in Canada was profoundly inaccessible and elitist. Having access to any type of media platform was a privilege that conferred a degree of power. Traditionally, this power has been domestically situated, or at least domestically managed. If you wanted to hear music, you bought a Canadian pressing of a record or listened to Canadian-produced radio. If you wanted news, you watched the CBC or read a local newspaper. Obviously, the United States has always been a dominant external force, but the points of access to international culture have traditionally been controlled, at least to some extent, by Canadians.

Although we may not think of it in this way, all media is a *physically* intermediated form of communication. Whether it is a sculpture or an mp3, media is always tangible. People often confuse the message with the medium. If you are listening to a song on YouTube, it may not seem like it, but you are still consuming physical resources. The song may feel timeless and priceless, but if you're in the world of songwriting or music recording, you know that every line, every note, every track, every musician, every hour of studio time and every megabit of bandwidth count. With great content, it sometimes feels like you are connecting directly to something intangible and universal, but this is the illusion of successful creative work. In reality, whenever you engage with media, you are having a physical experience caused by something tangible (sound waves, light waves, radio waves, printed pages, etc.)

In this way, digital information is similar to electricity. It can be transmitted, stored, leased, traded, bought or sold. Both require infrastructure, both require investment, both are valued by society and both can be used to make profit.

Historically, media resources have been limited in number and their distribution has been defined by geography. We're used to consuming and paying for a relatively small volume of media. A cultural experience used to be a singular event. You would buy *a* record, not download an entire discography. You would go to *a* movie, not binge-watch an entire season. You would go to a club with a house band, not go to a festival with 20 acts. All things considered, the total number of media forms (channels, movies, shows, books, magazines, articles, photos, songs) used to be much smaller.

The massive increase in our access to technology has radically changed everything related to the information economy. On the most basic level, it is an issue of increased supply. You increase the supply and (everything remaining equal) the price goes down. This means there is way more stuff being made by way more people, with way less money available for each thing. But the average person's entertainment budget has not increased in proportion to their media consumption. If, as a professional cultural producer, your income depends on the price of content, you are in trouble.

You cannot expect the global free market to support Canadian culture. Consumer demand will not automatically produce credible domestic journalism. The rise and fall of the TSE will not build community centers or fund libraries. We live in a country with a relatively small population that makes it impossible for us to compete directly with global economies of scale. Vancouver will not replace Hollywood. Toronto will not become the next Silicon Valley. A Canadian film production will not be able to compete directly for market share with the next *Star Wars* movie. This is not because we lack talent, skill or work ethic; it is simply a question of scale. We may get the occasional "Hotline Bling", but the parent company will almost always be foreign-owned.

In contemporary capitalism, the competition and the determinants of success are global. And in an unregulated business environment, if you can't beat the international market on price, scale and quality, you are not going to survive.

One issue I would like to raise is public funding of the private sector. It is often assumed that if you invest public money into private ventures, these entities will bring value back to the public. I've seen this with MaRS Discovery District. I've seen it with the Canadian Music Fund. I've seen it with FACTOR and Telefilm. Subsidizing the private sector is often pitched on the premise that it supports the Canadian economy. In reality, everybody wants a hit and if they make it big enough they will most likely leave Canada and take the profit with them. This is not because every businessperson lacks patriotism. It's just that success in business is measured by the

bottom line, and if you are operating on any kind of scale you will not want to restrict your market to Canada.

This dynamic is especially apparent in the media world, where profit margins are tight and geographic boundaries are disappearing. Businesses that were founded on privileged access to domestic markets get crushed when large global entities move in.

The *Toronto Star* is a great example. Print journalism was losing fast, so they put all their money into digital. They pivoted. They got with the program. They forgot about mobile – their new platform was for tablets only – but they tried their best to stay with the times. I would argue that no matter how hard the *Star* tries to keep up, it is going to be difficult to compete with the *New York Times* or *Metro*. It's not about quality or strategy; it's about scale. In business, everything is about profit as long as you're not breaking the law. As soon as the dollar rises, film and television production in Canada drops off. If a tech start-up is lucky enough to make a profit and become a going concern, success usually means being bought up by a foreign-owned company, transferring all the potential value and public investment to the shareholders.

Funding the private sector is a great way to pour money into the free-market, but it is a remarkably inefficient way of working towards social goals. This is especially apparent when business objectives diverge from cultural values. Government is often attracted to the private sector because businesses “create jobs” and “pay taxes”. This is sometimes true, but in the context of global capitalism not always. The information economy is an exceptionally liquid economy; if there is somewhere cheaper to get something, people will go there to get it. When the resource or the consumers are not tied to a specific place, and there are no regulations to say otherwise, everything is up for grabs. This leads to a race to the bottom, pricewise – which is fine, unless you want your investment to result in well-paying or sustainable jobs.

Couple this with the fact that people are basically not paying for content any more (this is a generalization, but really, ask any artist, musician or torrent-downloading teenager), and you have a real problem with the concept of funding private ventures for the public good.

It can be easy to gloss over these issues when private interests happen to align with cultural interests. “We would like to take a moment to thank our sponsors”. Corporate sponsorship is the result, and it's a *huge* factor in the Canadian cultural landscape. In a world that is more privatized every day, private funding is often the only available source of funding. The only problem with this model is that social values do not always align with private interests.

All of this is to say, if you want to fund culture, fund culture. **Fund programs, institutions and individuals that have an explicit mandate to serve the**

**Canadian public.** You can define this service any way you want, but you need to have some form of accountability to assure a return on your investment. You can export the culture for profit once you've made it (if anyone will buy it), but please don't confuse foreign export value with domestic cultural value.

How do you go about supporting Canadian culture? Here are a few ideas.

**Do not use tax credits.** A tax-credit-based system prioritizes profit over cultural value, period. Middlemen take a cut. There is no gauge of social impact and integrity is usually the last thing on the list. You end up funding reality TV and making the next Hot Tub Time Machine. I enjoy reality TV and I look forward to the next realization of Hot Tub Time Machine, but I don't think this sort of content needs to be produced in Canada, and it won't disappear from the world if you remove government funding. If you want to subsidize job creation, go and create jobs. Make good jobs – jobs where people do work that actually aligns with the intended policy.

If you are thinking about jobs, think about jobs. If you are thinking about culture, think about culture.

**Do not fund culture by financing private ventures.** The Ontario Media Development Corporation is a great example of how this approach can go awry. If you look at the 2014-2015 Ontario Music Fund Recipients, you will see that there are lots of local musicians and music organizations that received funding. The recipients with the most financing, however, are the three major labels, with Universal Music Canada topping the list at \$1,200,000.00. See the link below for details.

<http://www.omdc.on.ca/Assets/Industry+Initiatives/English/OMF/2014-15+OMDC+Ontario+Music+Fund+Successful+Recipients.pdf>

Universal Music Canada is not in it to support Canadian culture. They are a distributor, and their business model is based on distancing themselves from the risks involved in supporting artists. Using public money to finance companies like Universal Music Canada is unethical, not to mention ineffective from both a cultural and an economic perspective. See the links below for details.

<https://www.thestar.com/business/2016/02/22/secretcy-around-30m-ontario-music-fund-strikes-wrong-notes-geist.html>

<https://www.thestar.com/business/2016/04/04/ontario-music-fund-oversight-hits-a-sour-note-geist.html>

The Foundation Assisting Canadian Talent on Recordings (FACTOR) is another example of cultural funding that is awarded according to the commercial viability of the proposed project. I had heard through the music community that FACTOR was a great resource to fund the recording of original music. I was surprised to find out

that artists were rated on criteria including: album sales, commercial radio charting, number of Facebook likes, number of Twitter followers, number of YouTube views and total value of sync licenses. It is worrisome to me that FACTOR uses metrics like these while being financed by the Federal Government of Canada. See the link below for details.

[https://factorportalprod.blob.core.windows.net/portal/Documents/Applicants/PDFs/FACTOR Artist Ratings.pdf](https://factorportalprod.blob.core.windows.net/portal/Documents/Applicants/PDFs/FACTOR_Artist_Ratings.pdf)

Who is profiting from the globalization of Canadian culture? Wholesalers and distributors. And not even all the wholesalers or distributors, only the biggest ones like Netflix. It is actually quite difficult to make money distributing Canadian content within national boundaries. When profit margins are tight, only the biggest survive. Netflix buys content in bulk and distributes it globally. They are a great example of a company succeeding almost entirely through the advantage of scale. Internet broadcasting was originally termed “over the top” because it was considered to be a sale *in addition* to the main deal. The main deal was supposed to pay for the costs of production. Over-the-top revenue was intended to supplement traditional broadcast revenue. Now, over-the-top distribution is replacing conventional distribution. If the prices for “over-the-top” content don’t increase significantly, everyone on the production side will earn significantly less. Structurally, we are left with the Wal-Marts and Dollaramas of cultural distribution.

This is a great business model, but it is a horrible way to promote Canadian culture. In addition, Netflix and YouTube currently avoid paying the Canadian taxes that conventional media distribution platforms are required to pay.

Are there any Canadians that are benefiting from this globalization? The companies that provide Internet services make huge profits from trading all kinds of digital information. Corporations like Bell, Rogers, Telus and Wind make revenue from every song, video, e-book, podcast and photo that is streamed, downloaded or uploaded, legally or illegally. They don’t care what you’re watching, who’s making it or what platform it is on, as long as it is running through their servers.

Telecom companies are the new vendors of media. You do not need to run a record label and sign bands to make money from music – all you need to do is own the transmission infrastructure. For the most part, distributors realize it is safest to stay away from the investments and risks involved in production. As long as you can defend your market share, there is no reason to gamble on developing new content. As long as it is bandwidth, telecoms make money. And as long as AT&T doesn’t show up and put them out of business, they remain in the black.

One of the only business cases for investing in content is the idea that exclusive content might give your company a leg up on the competition. When all the distributors offer more or less the same services (internet, mobile packages, cable TV, etc.) at more or less the same prices, exclusive content offers (HBO, Hockey

Night in Canada, the newest Kanye album) are nothing more than a differentiation tactic. In the new model, original content is not the core business of a distribution company – it is just the icing on the cake. Exclusive content is like the reward points offered by credit cards.

**Internet providers should be taxed and the money should be used to fund cultural priorities.** Internet and mobile service providers in Canada have an oligopoly that is federally protected. Canadian telecoms charge relatively high rates for basic services, as compared to other countries (even when you take our low population density into consideration). There is no reason why this industry should not be appropriately regulated and taxed.

Journalism is another issue. VICE Media has almost all the new money in the Canadian media economy. Every other person I speak to says that they might be doing something for VICE, but they're waiting to hear back from the New York office. VICE has convinced corporate America that they can speak to and advertise to millennials. After the Harper government decimated the CBC, tons of media professionals lost real jobs and have gone to places like VICE to work on contract, making click-bait and lifestyle fluff. That is not all that VICE does, obviously, but it is a large part of it. There is nothing wrong with click-bait or lifestyle fluff, but it should not be confused with professional, legally regulated, properly resourced, fact-checked journalism.

Like education, **journalism is a public good that the government should invest in** – not because it makes money, but because it is socially valuable. Arms-length organizations like the CBC should be used to fund impartial, professional journalism made for the Canadian public.

**The arts should be funded by organizations like the existing arts councils** that assess projects based on artistic merit, social impact and viability. This system was created in Canada after WWII in an effort to make an arms-length funding mechanism that would separate the cultural production from the political powers of the day. Hitler's effective use of the arts sector in his propaganda machine was apparently a sobering lesson. In the council system, artists judge artists. Intentions, integrity and impact are addressed and evaluated explicitly. The arts council model also works well for community-oriented cultural initiatives. A properly funded and well-managed council system can be used to assess the cultural value of a given project. This model can fund everything from community theatre to film festivals. It's also an effective way to integrate culture with other public domains like education, community health, parks, youth, diversity, First Nations, etc. The arts council system is scalable and has the capacity to reach all levels of the society, from individual artists to large institutions.

**Commercial media entities should be considered businesses and regulated as such.** Tax incentives, trade restrictions, etc. should be implemented as with any

other business. Public-private partnerships that claim to support Canadian culture, but in reality prop up poorly conceived business models should be avoided.

**We should be cautious about funding not-for-profits with agendas that do not align with broader social priorities.** It is currently trendy for organizations to brand themselves as not-for-profits, declare a vague social mandate, get charitable status and then proceed to act like businesses. The only difference is that rather than hanging on to the profits, the revenue is re-invested into expanding operations. What is the *public good*? This is never an easy question to answer, but it should always be asked.

Let me repeat: if you want to give artists money, give it to the artists. If you want to see Canadian stories on Canadian screens, put Canadian stories on Canadian screens. If you want to see real journalism, fund real journalism. If you want civic engagement, fund initiatives that actually work towards that. If you want world-class Canadian art, fund the production of that art. Regulate, mandate, tax, build, fund and implement. Active government involvement is the only way to advance national priorities in a global economy.

It's worth noting that we do not live in a free market. Banks are regulated. Radio stations are regulated. Television broadcasters are regulated. Cellular service providers are regulated. Copyright is regulated. Even commercial competition is regulated. We live in a deeply structured economic environment and we have a long history of strategic separation from global markets. As technological barriers disappear, public sector funding of Canadian culture will become all the more important. Canadian content will never make as much money as U.S. content, and that is why we should not confuse cultural value with economic value.

One issue that the federal report *Canadian Content in a Digital World* brought up was the concept of "choice", as if low cost access to unlimited cultural resources were a public right. Obviously, the government should not censor free speech, but that does not mean we should facilitate the wholesale liquidation of our culture. The government does not have a responsibility to provide its citizens with free or unlimited access to global culture. There have always been limitations on our access to global culture, but limitations do not equal censorship. Everyone wants American Netflix, but few want to pay for it.

Although it may not seem like it, cultural resources are finite resources. You wouldn't expect your friend who works as a cook at a restaurant to feed you for free every night. Similarly, you shouldn't expect your friend who works in television to provide you with free programming after dinner. When people believe that unlimited choice to consume resources is a basic right, they are usually not accustomed to the concept of limited resources. If you want to know what the real determinant of cultural production is, it is economics. Challenging the notion of consumer entitlement does not mean that we should ban the Internet or anything on it.

We should look critically at the trading of information, analyze who is winning and who is losing, and **regulate data trading in the same way that we would regulate any other industry.**

We need to **re-examine the concept of Canadian content.** There is nothing fundamentally good about “content” that is “made in Canada”, regardless of how you define either of those terms. If you want to fund Canadian culture, you should begin by thinking about culture that is relevant to Canadians. In some cases, this may not even be content that is made in Canada. Screening a made-in-India Bollywood film in public, for example, might offer an important cultural experience to Canadian citizens. While it might not support the Canadian film industry, it may support cultural diversity.

Compared to other kinds of investments, culture is relatively inexpensive. People will work for less money when they are doing something they love. A relatively small cultural investment can impact a large number of people. One radio station can serve an entire community. One library can change thousands of lives. One arts institution can catalyze a global movement.

As cultural, economic and political conditions shift, I hope that the federal government will continue to value our collective well-being. Carefully implemented cultural funding is an investment in the health of our nation. In turbulent times, culture is a reliable resource and unlike many things, its value doesn't change when the stock market tanks. Accomplishing this, however, requires clarity of vision and intention. Culture is not a passive thing. It is dynamic and it needs to be engaged actively. It is essential to differentiate between future goals and past structures, especially when old paradigms no longer function.

Most importantly, we need to realize that the *way* we think about social, cultural and economic values will shape the future we live in.

Thank you for your time and consideration.

Best Regards,  
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