



TECHNOLOGY & VIDEO

Dishing out the video revolution

The impact of DBS on Canadian film

by Desmond Smith

Cinema is an old technology that is about to get a new face. The culture shock will kill off a great many veterans, and make multi-millionaires of an elite. For everyone else who is currently "getting by" in today's feast-or-famine industry, the changes now underway have the potential to bring unprecedented stability to their working lives.

The unlikely revolutionary agent is minister of Communications Francis Fox, whose new broadcasting policy – though misunderstood by many cultural nationalists – represents, in my view, the boldest, most audacious "first step" into Canada's post-industrial future.

In a complete break with previous tradition, Fox and his colleagues, have by-and-large downplayed the "cultural" side of the policy equation, and concentrated wonderfully on the neglected "distribution" question.

It is exactly the right move.

The motion picture industry is at the start of the second great technological revolution in its 90-year-old history, a shift that changes not only the way movies will be made in the future, but equally important, the way movies will be viewed.

The first revolution was sparked by the arrival of the "talkies" in the late 1920's, and with the talking picture came the movie palaces which – in stark contrast to the nickelodeons and penny arcades of a generation earlier – provided a clean, wholesome atmosphere where the entire family could enjoy a night out.

Traditionally, movie-makers have been frustrated by the distribution side of the business, and for solid reasons: they didn't own it, they didn't control it, and they didn't understand it. Even when television came a long in the late 1940's with all its promise for the motion picture industry's creative community, there turned out to be little difference.

In spite of its obvious "mass" nature, TV in both the United States and Canada,

was a tightly controlled industry. A handful of public and private networks controlled virtually every means of access to the audience.

An extremely important consequence of this artificial marketplace was tight control over motion picture and television production. The creative river was blocked, dammed, and streamed through distribution conduits manipulated in New York, (and less so Ottawa) far removed from the studios and sound stages.

In both the United States and Canada, the truly astonishing aspect of this state of affairs was the public's almost total lack of interest in its absence of choice. Had anyone told them that, 50 years after Henry Ford created the Model T and put the automobile within reach of every American's pocketbook, there would be only three or four toll roads crossing America, there would have been a national outcry. Yet this is the condition that prevailed in television until recently.

Until the mid-1970's, the electronic highways in the United States were totally controlled by just three networks (ABC, CBS and NBC) and in Canada by the CBC and CTV networks.

In both countries the motion picture industry enjoyed only limited access to these electronic highways and, of course, they exercised little or nothing in the way of decision-making power.

So long as a movie-maker's means of distribution was controlled by theatre chains or television networks, the industry would always remain a "boutique" business, artificially depressed, and culturally constrained by so-called "box-office" requirements.

Now all this is changing, and changing dramatically. Technology, helped along by government and market-place initiatives, is opening up an unparalleled era of viewer lib. Look where movies are showing up these days:

- In supermarkets, department stores, shopping malls and video outlets in the form of videotapes, cassettes and discs.
- Over cable systems from scores of new pay-TV packages that specialize in everything from the erotic (Eros, Playboy) to mainstream (Home Box Office, First Choice, Superchannel, Showtime)

to esoteric (ABC-Hearst Arts, C Channel).

- Via Satellite Master Antenna Systems (SMATV) – a mini-cable systems that involves providing satellite signals to specially wired apartment complex tenants paying monthly subscription feed.

- Through subscription TV, or over-the-air broadcast pay-television. STV, as it is known, differs from cable in several respects:

- 1) There is no need to lay expensive cable
- 2) It does not improve the quality of reception
- 3) It only offers one channel
- 4) It can be structured to offer pay-as-you-view programming.

On the horizon is perhaps the most revolutionary distribution system of all – DBS, or the direct broadcast satellite.

DBS has the potential to completely wipe out networks, stations, cable TV and movie theatres as they exist today. In the future DBS world each home would have a rooftop antenna which would receive programming chosen by the viewer from a national or regional storage bank. The programming would be sent in a "burst" via satellite and stored in the memory of the TV set until the viewer chooses to access it.

While the "memory bank" TV set is some time in the future, Canada is one of the few countries in the world where – if the government would permit it – DBS programming could begin tomorrow.

Ironically, direct-to-home satellite broadcasting will begin in the United States this Fall from a Canadian satellite.

That satellite is Anik C, the world's most powerful communications satellite with a transmitting power – or "footprint" – that extends from the Atlantic to the Beaufort Sea.

In contrast to the present generation of medium-powered U.S. satellites – the ones that currently carry such pay-TV movie channels as Home Box Office and Showtime, Anik C needs no \$4,000 dish to bring down its signal. A dish the size of a small umbrella, current cost about \$450, will do the job.

By the end of the 1980's, many marketing experts believe that, given the kind of demand anticipated, the price curve will follow that of pocket calculators. As

most people may recall, the cheapest hand-held calculator cost around \$350 in the early 1960's. Today, they're frequently given away as a sales incentive, and \$30 will get you the top-of-the-line.

So potent is direct broadcasting's market challenge to all current distribution systems that in the United States the major TV networks, cable conglomerates, independent TV stations, and movie theatre chains have all raised a firestorm of objections with the Federal Communications Commission hoping to block its introduction.

They have so far been unsuccessful, and at least eight new firms are preparing to jump into this brand-new business. The first off the mark is likely to be United Satellite Communications Inc.

Organized by Francesco Galesi, a New York real-estate developer who recently told *The New York Times* that "satellites are just real-estate in the sky," the new venture has a partner in the Prudential Life Insurance Company of America, which agreed to invest \$45 million, and General Instrument (which will make the antenna dishes) has put down \$9 million.

In Canada, despite more than seven years of experiments in direct-to-home satellite broadcasting, the federal government has been hesitant about licensing commercial DBS service. It has in fact licensed just one, Northstar Home Theatre Inc. (which will go on air next year), but Northstar, according to its president, Edwin Jarman, will essentially be a re-broadcaster of current Canadian pay-TV channels. No imaginative leap here. Instead, direct-to-home satellite broadcasting has been thought of as an ancillary service for the 1.5 million Canadian homes in outlying areas not reached by cable or traditional broadcasting.

Currently the DBS window is closed to Canadian movie producers, but the upcoming premiere of the first American direct-to-home satellite service – utilizing Canada's Anik C satellite, and with at least 95 percent of the Canadian population able to receive its programming – serves notice on Ottawa policy

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Desmond Smith, a senior news producer at the CBC in Toronto has written extensively on media change. His writings have appeared in The New York Times, New York magazine, Harper's and many other publications.

Globalreach

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entire five-year period, government expenditures through the fund should amount to \$336 million.

As you can see, we are not taking a protectionist approach to our domestic program production industry. Indeed, we regard protectionism as weakening. Instead, we have taken a positive approach which will permit us to foster, nurture and support our program production industry as it matures and goes out as an equal into the world.

The categories of programming which would be eligible for assistance are those in which the Canadian broadcasting industry does not provide a significant amount of Canadian programming – the drama, variety and children's programming categories. We anticipate that, with this significant injection of additional funding, Canadians will soon be able to receive a solid core of attractive Canadian programming in every program category and in both official languages.

Given the skill and creative ingenuity our production industry has sown in making programs on very slender resources, we are confident that, with this assistance, it will be able to win a significant share of the Canadian viewing audience. We also believe that Canadian programming will win a rising share of the rapidly growing foreign market for television programming. Proof of the international saleability of Canadian programs is provided by the recent success of Canadian feature films in the U.S. market, where box office receipts jumped from \$46 million in 1980-81 to a record \$200 million in 1981-82.

The new international environment

These, then, are the three major elements of our broadcasting strategy for Canada – expanding the viewing choice of Canadians, freeing up satellite dishes and strengthening the Canadian broadcast and program production industries. In the new environment, we believe that greater choice and greater competitive capacity will be, not only our best strategies, but the only strategies which will enable us to maintain a vital Canadian culture and a viable broadcasting economy. In our view, they represent the last, best chance for an identifiably Canadian broadcasting system – a system that is both distinctively Canadian and open to the world.

Most countries around the world will, if they have not begun already, soon be undertaking an exercise similar to ours. But we will all be making a mistake if we focus only on the domestic aspects of the new broadcasting environment. That environment is global in scope; and, as the new technologies shrink the world, every aspect of a national strategy will have important international implications.

In short, relationships between states may well become as significant in the new environment as any domestic adaptation of local broadcasting systems to the reality of satellite television. Fortunately, there are many precedents for



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such international co-operation in the communications area. For example, that international resource, the radio frequency spectrum, like the air we breathe, does not recognize or respect national boundaries. The sophisticated international forum provided by the ITU, and the various world and regional administrative radio conferences, have shown that countries with very disparate interests can work out pragmatic and mutually acceptable compromises in the communications area. In addition, officials from the government of Canada are in almost daily contact with the FCC to discuss spectrum issues.

In the age of satellite television, the need for international co-operation on communications issues will be even greater. In an era when satellite signals overleap not just national boundaries but entire continents, the stakes will include national cultural identities and the viability of national broadcasting systems.

Our broadcasting strategy for Canada calls for the negotiation of reciprocal arrangements with many countries, and especially the United States. Already Canadian government officials have discussed the strategy with members of the U.S. government, and we expect those discussions to continue in the coming months.

You will have noticed in our policies for cable and earth station licensing that we are very concerned to ensure that the rights of the originators of satellite signals – foreign or domestic – are protected. We also expect that, when Canada agrees to carry a foreign satellite

programming service, the country where that service originated will reciprocate with a similar arrangement for our own Canadian programming services. We are also eager to enter into co-production arrangements with foreign production companies, not just in America, but in France, Japan, West Germany, Britain and other countries around the world. Again, the key to such arrangements will be a genuine commitment to reciprocity.

In closing, I should like to remind you that Canada and the United States have long been recognized as having the longest undefended border in the world. A Canadian writer once commented that the reason the border was undefended was quite simple: it was essentially undefendable. I prefer the more obvious explanation – that our countries have a long and proud history of mutual trust, shared perceptions and a willingness to co-operate.

However, we should not forget that, in the new broadcasting environment, our common boundary, as well as the frontiers of every country in the world, have become undefendable. Only a shared recognition of our common vulnerability, a mutual respect for the distinctiveness of our paths to cultural development, and a strong commitment to reciprocity, will carry us through the next few years. I am confident that we will succeed. ●

Freedom to see

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anyone, anywhere to transmit any image he or she wished, either to a specific receiver, or to the public at large. Probably a refined version of the common video camera, a 'personal transceiver' would contain added transmission facilities and a telephone adapter or specified satellite frequency. It could be left on with a static image (a visual 'dial tone'), or simply turned off. Ideally, it

would include a small monitor and a readout to register the number of viewers tuning in. Should transceivers of this, or a similar nature be manufactured and distributed widely, a number of startling changes in the basic uses of television will occur.

Freedom to see

First and foremost, there will be great and widespread excitement with a new-found, almost unlimited (at least, much less limited), freedom to 'see'. To grasp this idea more firmly, imagine a TV guide resembling the white pages of the telephone directory; a visual service paid for *directly* by those who use it. A clue to the size such a system might quickly reach is also provided by the telephone system. There are well over 150 million telephone numbers in service in North America in 1983! Given such a wide choice of channels, or personal frequencies, it seems likely that user classifications will appear; for example, 'Personal', 'Government', 'Information', and 'Network'.

Still, at this stage, these refinements are arbitrary and less important than the public's knowledge and acceptance of user-to-user TV. Today, it is abundantly clear that television is overcontrolled by a relative few. Our desire for more direct and truthful knowledge will soon change this unacceptable imbalance. Contemplated philosophically, future increases in our powers of sight are not necessarily frightening or Orwellian. Viewers will just be able to see more of the world as it really is, rather than how other men feel it is, or should be.

With user-to-user access, real joy, sorrow, birth, death, murder, true love, and romance will be readily available to those who wish to 'wander' through the personal broadcasts and test patterns of Toronto, St. Louis, Montreal, Medicine Hat, or New York. It is an unsettling idea to be sure – technological developments that expose more of the reality of the earth and its inhabitants always are. But look forward to it, for one day, not far in the future, the strange miracle of Zworykin's ray will enable us to experience a visual freedom that no other people in history have ever known. ●

Dishing it out

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makers that it's time to rethink their new broadcasting strategy. "I don't believe the Canadian government will sit idly by and let U.S. DBS operators sell programming in Canada," says Northstar's Jarman.

In the final quarter of the twentieth century, the survivalists of the struggling, fragmented Canadian film business are about to see their business turn into a "industry." It will happen because silver screens and movie houses are being replaced at an ever-increasing clip by new hardware – the TV set in the living room, and by a flood of new distribution systems.

The so-called "video revolution" will not of course stop here, but the brand-new ability to get a film to an audience through so many new outlets should be cause enough for optimism about the future of cinema – whatever its form – in Canada. ●

