

Convergence: Information Society Brings Major Cultural Policy Issues

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Abstract

This paper deals with the evolving phenomena of digital convergence. It details the important role of the shift to digital platforms and their impact on both broadcasting and telecommunications. A single stream of bits of information representing a series of 0s and 1s without regard to the underlying nature of the message will render much of the previous rationale for regulation and public policy moot. All communication, audio, video, data, graphics, or satellite traffic will be reduced to the identical technical format without regard to time, space, or culture. The European Community has been particularly concerned about these convergence/digital phenomena.

Keywords

Convergence, Internet, technology, cultural industries, public policy

Introduction

Convergence will bring the digital world into homes, schools, and businesses. What it basically means is that the future of communication technology will move away from antiquated analog systems which allowed for two distinct industries to evolve, mainly broadcasting and telecommunications. Now with the new digital technologies broadcasting systems and telecommunication systems will be reunited. Essentially this means broadcasting systems will become, in addition, telecommunication systems, just as telecommunications systems, when they move to digital formats, will also be able to be broadcasters in their own right. This has enormous policy implications, not only for the economics of the global media industry itself, but also for regulation (Green Paper 1997). It may have early and profound consequences for certain nation-states, like Canada (Tunstall 1977, McPhail and Barnett 1980). Historically, broadcasters were regulated by one set of rules enacted by the CRTC or FCC and telecommunication operators operated by a different set of rules including public utility boards or agencies in each province or state (McPhail 2002, McPhail and McPhail, 1990). In the future, because of convergence, digital systems will carry traffic that in part represent broadcasting activities such as audio and video, but in other aspects represent telecommunication activities such as telephone, internet, data transmission, GPS, banking and such mundane things as meter reading, or other household monitoring systems. The entire structure of global communication will face a quantum shift as a result of digital technologies

Digital technologies do not recognize whether the initial activity is broadcasting, telecommunication, video, audio, or email. All digital signals represent binary digits where the initial communication activity is broken down into, regardless of content or source, a series of dots and dashes. At the receiving end, whether that is a television set, a cell phone, a car, or a P.C., it is reconstructed back into the information; this information could be audio, video, data, text, graphics, or anything else that could be sent and transmitted in a digital format.

Issues

Convergence is the next major step to the communications industry. It is the union of digital, video, telecommunications and the Internet. The communication superhighway is moving into the next evolution of information sharing. The existing technological services are now working and joining together to work systematically with one another. As the communication industry's technological evolution is underway, new innovations and technologies are developing and converging. This will shape new frameworks in the computer industry, media, telecom and the economy. "Even if a specific definition is still not agreed upon, convergence is transforming the very nature of mass communication, which of course has dramatic implications." (Pavlik and McIntosh, p. 21, 2004) Pavlik and McIntosh believe there are four of these implications, including content of communication, relationships between media organizations and their publics, the structure of communication organization, and how communication professionals do their work. (Pavlik and McIntosh, p. 21, 2004)

Ivan Seidenberg reported in his speech at the Computer Industry Association, that a reported "104 million adults in the U.S. use the Internet-56 percent of the total. Another 30 million users are under the age of 18-including 75 percent of all teenagers. And more than 110 million Americans have cell phones, many of them with data capability." (Seidenberg 2001, p. 2)

With the combination of the Internet and telecommunications, millions of people have the ability to communicate internationally. With digital technologies that are starting to converge, individuals are able to access these World Wide Web through cell phones, mass media, car dashes, and their computers.. Technologies are becoming united, and in the future, media will be everywhere and technology will be able to be accessed anywhere. "We will develop new skills for managing information, new structures for transmitting information across channels, and new creative genre that exploit the potentials of those emerging information structures," writes Henry Jenkins in his article in the Technology Review. (Jenkins 2001, p. 93) Convergence within the telecommunications industry transforms networks, and "It challenges the entire communications and computer industry-to create the new industries made possible by technical innovation and entrepreneurial activity." (Seidenberg 2001, p. 3) Not only does convergence open new pathways for international communication, but it also allows for the individual to "communicate via e-mail, online forums, and other interactive media more easily and quickly with those who create and publish mass communication content." (Pavlik and McIntosh, p. 22, 2004)

Miguel Mendez Pereira of the European Commission, in his speech for the Law Society of England and Wales, stated "Convergence has become all too familiar to most of us as the main driving force behind the recent changes occurred in the media." (Pereira 2002, Speech at the Law Society of England and Wales)

The evolution of the media industry cannot simply be limited to the evasive buzzword “convergence.” There are two aspects to convergence’ they are technical and economic convergence. (Pereira 2002, Speech) The economic side to convergence is how it is affecting the market place and power. “The growing competition induced by the proliferation of TV channels has inflated production costs.” (Pereira 2002, Speech) Companies are converging as well. Good examples are News Corp., Viacom, Time Warner AOL, and Comcast-Disney. “Vertically integrated companies are in a position to exploit their products at every single level of the value chain.” (Pereira 2002, Speech) The consolidation of media industry business owners is forming an economic structure of an oligopoly. (Pavlik and McIntosh, p. 27, 2004) “This centralized control over the signs and symbols of mediated communication can threaten the numbers and types of different voices heard on the web.” (Pavlik and McIntosh, p. 27 2004) Not only does AOL Time Warner control the biggest ISP (internet service provider) in the United States, but also controls the cable system and a large amount of media content (Pavlik and McIntosh, p. 27, 2004) This allows for a large portion of control across the entire process for audiences to receive information and entertainment. The mergers are looking for the elusive synergy of hardware and software under common ownership (Turow, 1992).

In Europe, the European Commission, under the EC Merger Regulation, contracted the legal framework. The three main concerns included the “gate-keepers,” the “source issue,” and the “path issue.” (Pereira 2002, Speech)

The gatekeepers are the companies that possess the new technologies. The idea of competition, or the lack thereof, is at hand. For an example, Time Warner and AOL combined to form one huge mega-merger. The market power of Time Warner/AOL is significant, therefore threatening competition. (Pereira 2002, Speech). It is no longer a level playing field when the media giants also influence regulations and policies.

The source issue is the actual company producing the new technologies and whether or not they hold the production rights. This, as well, raises concerns for competition, if the company not only produces, but also holds the sole rights to the products. (Pereira 2002, Speech)

And the third aspects to the legal framework are the path issue. This is when the company itself can control the path to the customer. This too raises issues of competition topics. Once these huge companies have control over the paths to the customers, to other smaller organizations are excluded. (Pereira 2002, Speech)

A company’s market power is an outstanding issue when dealing with which market they hold dominant. When these mergers cross over into other existing markets and take control, this too, could pose problems of monopoly. With the invention of new innovations and the combination of these technologies, companies will have to cross-markets. The leveraging of the markets is the key to successful completion. The need for control over the pathway of these mega-mergers is essential. (Pereira 2002, Speech)

The European Commission tried to solve the existing problems associated with convergence by trying to achieve balance (Green Paper). They did not so much as prohibit the mergers, but instead placed heavy restrictions and conditions. The main point of the commission was to ensure access for the source, the pathway to the consumer, and the actual mergers or gatekeepers. (Pereira 2002,)

Gillian Doyle reports in the book, Understanding Media Economics, “Just as new technologies and liberalizing legislation have done away with some of the conventional entry barriers affecting media markets, one or two other new barriers have sprung up in their place.” (Doyle 2002, p. 20) Doyle concerns a great deal of attention on the chance

of monopolistic markets in the media industry. "Gateway monopolists can abuse their position either by denying access to rival service providers or by offering access on terms that are very disadvantageous to potential competitors." (Doyle 2002, p. 171) Doyle proceeds to suggest that market monopoly might have to occur on the basis of a short term time period in order to encourage the development of new media. (Doyle 2002, p. 171) However, regulation on market control could help the resistance against large mega-mergers and their pose on the market, in regards to monopolies.

Although there are threats of monopolies, there is a notion of how this media fragmentation will affect audiences. Since convergence of technology will permit an individual to actively "choose the media you want to see, hear, or read can narrow the scope of new items ore entertainment that maybe encountered by accident that unintentionally engage or entertain." (Pavlik and McIntosh, p. 24, 2004) For example, if an individual downloads a certain song from a website, they are missing out on all of the other songs offered on a particular album. Or if an individual only accesses local news and news pertaining to themselves, there will be missing out on world news and other new relating to other cultures. "This phenomenon could fragment audiences into small groups of like-minded individuals who do not interact with other groups or with society as a whole and choose to receive only the news and information that reinforces their beliefs and values." (Pavlik and McIntosh, p. 24, 2004) On a positive side, interactive audience could not only hear a newscast but they could access the actual newscast text on the web and receive links to further investigate the information. This occurred on the MSNBC newscast and website. The channel MSNBC cited information on the five most dangerous roads in the United States, and then posted the text and links on their website to allow for the audience members to access the five most dangerous roads in their community as well. (Pavlik and McIntosh, p. 25, 2004).

Conclusions

The outcomes of convergence of new technologies are still at stake. Many regulations and a new framework will have to be established in order to protect the cultural industries, the market place, and competition. With the convergence of technologies, this will accompany the marriage of companies and industries. It is true there are dangers, but these fundamental changes should be viewed as opportunity, perhaps an unprecedented opportunity, for the media to increase their contribution to contemporary society by providing not just more information and more entertainment, but better, higher-quality, information and entertainment." (Pavlik and McIntosh, p. 21, 2004) Consolidation and convergence will change the market place and global industry. It may begin a new digital renaissance or it may result in a global consolidation of audio-visual industries. Recent actions of media giants look negative in terms of choice or plurality of voices. By 2010 there will likely be only four global multi-media firms. They will be Murdock's News Corp and Fox properties, Time Warner-AOL, Viacom, and Comcast Disney. Some may argue that GE's NBC-VUE unit is also a major stakeholder. The impact is considerable. They are all in English and will soon make more outside of the US in sales than inside. Also this consolidation across platforms renders public interest groups, consumer groups, unions, freelances, producers, niche players, and non-English media into a marginal role. Even the International Network for Cultural Diversity (INCD) and the World Summit on the Information Society (WSIS) lack the clout to distract the global audio-visual giants. Given that the World Trade Organization (WTO) is seeking to add the cultural sector to future free trade talks, one has to lament that the language of McLuhan's "Global Village" is not only English (Crystal 1998) but will be propelled by the four giants in the audio-visual sector. National broadcasters such as the BBC or CBC-RC will be further marginalized in the digital world.

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