Re-reading the Notion of “Convergence” in Light of Recent Changes to the Culture and Communication Industries in Canada

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ABSTRACT Due to its multifaceted nature and its appropriation by different social actors, “convergence” is a complex concept. In the 1990s it had its heyday when there was a lot of talk about “information highways.” In this text, the author revisits convergence through an examination of recent changes to the culture and communication industries in Canada. The article reveals that convergence is always a horizon and that it includes several interrelated processes that advance slowly. In some cases, it is even possible to speak of “divergence.”

KEYWORDS Cultural and communication industries; Ownership; Convergence; Concentration; Journalism

The term “convergence” is part of a group of concepts that are complex because, depending on the context in which they are used, they can mean many different things. Convergence may refer to circumstances that are at once technical, economic, politico-regulatory, and social. It has been mobilized for decades, according to various interests, by a number of culture and communication industry (CCI)1 actors, most notably business leaders, policymakers, and other politically and economically powerful participants. Even if this concept is not new—technological convergence was already taking place in the nineteenth century in relation to various inventions of the time, such as photography and cinema (Sénécal, 1996)—the word has been most

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often used from the 1960s onward to refer to the joining of the computing and telecommunication sectors. With the introduction of digitalization, convergence spread into other sectors, such as the cable industry (Lacroix & Tremblay, 1995). Convergence hit its apex in the 1990s when, during a decade marked by vast projects denoted as “information highways” and the development of a new network—the Internet—the term was largely utilized to justify mergers and acquisitions taking place in myriad industries. What, then, does convergence mean 10 years later? With this in mind, this article revisits the concept by examining recent changes to the culture and communication industries of Canada.

This article is situated firmly in the tradition of the political economy of communication (see, for example, Calabrese & Sparks, 2004; Mosco, 1996) and follows more specifically from work carried out in the 1990s by research teams directed by Jean-Guy Lacroix and Gaëtan Tremblay in Québec and by Bernard Miège and Pierre Moeglin in France (“Industries culturelles et ‘société de l’information,’” 1997; Lacroix, Miege, & Tremblay, 1994; Lacroix & Tremblay, 1995). This research “places great importance on the historical dynamic in the production of social reality” and “relies upon an analysis of structuring behaviours in terms of social logic and the strategies of actors” (Lacroix & Tremblay, 1994, p. 233, author’s translation). From this perspective, convergence simultaneously depends on the respective positioning of all social actors within culture and communication industries and their proper area of concern (cinema, television, journalism, etc.)—ministers, governmental agencies, private companies, and advocacy and user groups. Convergence results in acquisitions, conflicts, and alliances—power battles that subscribe to the logic whereby existing subsidiaries are organized so as to further modify them later. In addition, while a certain number of actors take part in the promotion of newly unified entities and adopt strategies to accentuate this convergence, others do not share the same interest and instead concentrate on making a distinction between subsidiaries. Finally, in the context of capitalism, private companies are considered to be the primary actors in convergence but do not all have equal potential in terms of organizational design during periods of change such as those that currently characterize CCI.

Convergence also refers to an ensemble of closely related processes that lack the causal determinism that, for example, makes the technical dimension the focal point of phenomena related to digitalization. It is important to note that convergence is the sum of the discourses of the different actors as well as of their practices, all the while clearly understanding that discourses constitute practices and practices make up discourses. To put it more precisely, convergence is one of a group of strongly ideological terms that, similar to the “information highway” and the “information society” (George & Granjon, 2008), have since the 1970s served to promote a vision of a society where information and communication technologies (ICTs) play an increasingly important role in favour of more dynamic economies, renewed democracy, and new forms of sociability.

**Convergence: Technological and politico-regulatory processes in constant renewal**

Convergence is generally considered, above all, to be a technological process correspon-
ding to the digitalization of signals that circulate through terminals and in networks, notably the distribution of these signals. At the same time, it refers to digitalization in all stages of production and distribution of cultural and informational products. However, while it began in the 1960s with the telephony sector, convergence has not yet been achieved in all possible areas, for example in cinema and television, where it has met stiff oppositions and complications such as discords between cinema distributors and cinema operators (Mabillot, 2006). In addition, if digitalization plays a central role in technological convergence, it does so alongside other processes that have been equally important since the 1970s, such as improvements in compression and decompression, encoding and decoding, transmission and storage. The current period is characterized by notable oppositions between companies regarding the adoption of certain norms that were previously decided by governmental or para-governmental structures when the state played a more central role in the economy before the 1980s (Mosco, 2003).

Recent history demonstrates that technological convergence is a long and often chaotic process. We are far from the revolution announced 15 years ago by authors such as Nicholas Negroponte (1995). Vincent Mosco (2003) speaks of the creation of a new myth that specifically serves to hide the strongly economic nature of this process. That said, the technological and economic dimensions cannot bypass the politico-regulatory. In this respect, the 1990s were crucial years with the two main actors in the CCI sector, the federal government and the regulatory agency, the Canadian Radio-television and Telecommunications Commission (CRTC), favouring the opening of markets to a higher concentration of ownership under the guise of promises that a new society based upon these “information highways” would lead to significant economic growth. Liberalization of the broadcasting and telecommunications sectors led to not only greater competition but also greater concentration of ownership thanks to the mergers and acquisitions newly made possible.

Here again, the process continues today. After attending to a new wave of transactions—the acquisitions of the CHUM network and its radio stations by CTV, of Alliance Atlantis and its specialized television channels by Canwest Global, and of Osprey Media (a group of English-language daily newspapers) by Quebecor—in 2007 the CRTC organized public hearings on the diversity of voices in the Canadian media. In the new policy announced the following year (George, 2009), it could be seen that the limits imposed by the regulator had not yet been attained by the conglomerates. From a politico-regulatory point of view, economic convergence was not discouraged. Quite to the contrary the CRTC encouraged it, going so far as to set aside its ability to judge the editorial independence of subsidiary news outlets. From this point on, the Canadian Broadcast Standards Council (CBSC) would be charged with this task. Its members—executives of commercial media companies—would become the de facto judges of their own industry. Economic convergence in the sense of integrating different activities, seen here as the production of information, is thus once more encouraged.

**Economic convergence, but also economic divergence**

As already mentioned, the new concepts of convergence and concentration are related. Dwayne Winseck (2002) considers that even if convergence was set apart as something of positive value by several social actors, this was done to defuse recurring criticism of
too much concentration of ownership in the Canadian media sector. Looking beyond the culture and communication industries, Jean-Guy Lacroix (2003) speaks of “hyper-concentration” of private property, a phenomenon that began to amplify during the second half of the 1990s with the advent of “hyper-capitalism.” The year 2000 was action-packed for culture and communication industries in Canada and elsewhere in the world. More than ever, the period was characterized by an optimism related to the “digital economy,” with the Web considered as the ultimate uncorking of all informational and cultural production (Schiller, 1999). Thus it became urgently important to be present online, leading to considerable speculation on a number of popular sites. One emblematic example is the speculation that permitted a “simple” Internet provider, America Online (AOL), to purchase media giant Time-Warner thanks to a stock valuation much higher than its real economic value (Bouquillon, 2008). In Canada, acquisitions were made by three companies that would become ubiquitous in the country’s culture and communication industries: BCE, Canwest Global, and Quebecor. This is what Dwayne Winseck refers to as “one of the most consolidated media systems in the developed world and an unrivaled scale of cross-media ownership” (2002, p. 798).2 Purchases were made possible by companies taking on considerable corporate debt while betting on strong Internet-related economic growth to repay their loans.

And then the “Internet bubble” burst in 2000! After all, only around half the world’s population, even in the richest countries, was connected to the “network of networks.” Even if they were, their connection was not necessarily at high speed. The mass of “internauts” was not great enough to feed an advertising market that served to make online availability of informational and cultural productions profitable. This situation was exacerbated by a scenario wherein the propensity to pay for content was relatively low, due primarily to a culture of free content that had developed online. Paradoxically, however, it was right at the moment when the speculative bubble burst that the economic conditions of web development began to change, thanks to a population that was increasingly connected at high speed as well as the rollout of a new platform of connectivity—third-generation cellular telephony (3G). Finally, the Web became—after a decade—an important advertising market capable of supporting the emergence of an economic model that could valorize online content. In Canada, the amount invested increased by 400% between 2004 and 2009.3 However, the end of this period was marked by the financial crisis of 2008, which would see a marked decline in advertising expenditures, especially in print media and in television. Internet advertising declined as well.

This economic crisis precipitated the fall of the Canwest group. The “empire” effectively collapsed in 2010 under the weight of a debt load of $4 billion due to two major purchases: newspaper group Hollinger in 2000 for $3.2 billion and the specialized television channels of Alliance Atlantis in 2007 for $2.3 billion, largely financed by the American business investment bank Goldman Sachs. Canwest’s management cut the company’s 2000 debt level in half leading up to the 2007 acquisition, largely by selling several of its foreign interests. However, Canwest subsequently found itself squeezed between the 2008 crisis and a decline in revenues, especially advertising rev-
BCE also pursued a convergence strategy in 2000 under the leadership of Jean Monty but progressively abandoned it when Michael Sabia took over management in 2002. The differences between types of activities, most notably between the telecommunications operations of Bell Canada (BCE’s historic foundation) and the media operations grouped under Bell Globemedia, became quickly evident and proved that it is difficult to make combinations in order to generate profit related to economies of scale. In its 2004 annual report announcing the reduction of BCE’s stake in Bell Globemedia from 68.5% to 15%, the following served as justification:

An economic downturn tends to make it more difficult for Bell Globemedia to maintain or increase revenues. Advertisers have historically been sensitive to general economic cycles and, as a result, Bell Globemedia’s business, financial condition and results of operations could be materially and negatively affected by a downturn in the economy. In addition, most of Bell Globemedia’s advertising contracts are short-term and the advertiser can cancel them on short notice. (BCE, 2005, p. 77)

The next annual report went on to announce that a decrease in BCE’s stake in the new entity, CTV Globemedia, to 15% would “bring greater focus to our communications operations” (BCE, 2006, p. 11).

The convergence dreamt of by Jean Monty had run its course. However, the situation changed yet again in 2010 when BCE announced it would be re-purchasing the majority of CTV Globemedia shares for $1.3 billion (Vallières, 2010). This about-face, taken by new BCE president George Cope, testifies to the importance of the mobile telephony market at the end of the 2000s, with a multiplication of services following from the development of “smartphones” and improvement of bandwidth permitting online video streaming. It remains to be seen whether conglomerates like BCE, Quebecor, and Rogers will engage in exclusivity agreements to ensure their content is transmitted solely on their networks and devices. The BCE news was announced just after the launch of Quebecor’s 3G cellular telephone service. Quebecor services now include television, fixed-line telephony, mobile telephony, and Internet (Massé, 2010).

If, from an economic viewpoint, convergence has not yet been a success, this is for both coincidental reasons related to the broader economic situation and structural reasons—management had great difficulty finding synergies between activities that are very different from one another. For example, exclusivity agreements between subsidiaries for the distribution of internally produced content could lead to new profitability but could also prohibit external content.

**Convergence: A danger to the production of information?**

The large-scale integration of activities by media conglomerates has led from the point of view of journalism, to a vast reorganization of labour accompanied by new obligations to work for several media and the need for content to be available on new platforms (Bernier, 2008). In contrast, traditionally, the production and distribution of cultural and informational content was undertaken independently by different subsidiaries.
A prime example of this media integration took place in 2007 when Canwest Global decided to cancel its membership to the Canadian Press (CP) agency in order to create CanWest News Services, a new information-sharing structure within the company that would rely upon the work of journalists throughout the country (after the acquisition in 2000 of Hollinger’s newspapers). The creation of CanWest News Services was part of a strategy for downsizing news coverage by all Canwest media across the country. The process had started the previous year with the transfer of 20 journalists and editors from Winnipeg to Ottawa to provide content to the company’s daily papers and Global television stations (“CanWest rapatrie ses nouvelles nationales à Ottawa,” 2006). By leaving CP, Canwest’s management saved $4.3 million paid annually to the agency. However, Christopher Waddell (2009b) makes note that the financial gain was not so sure. Canwest no longer had access to Associated Press (AP) international content, which is licensed by CP for exclusive distribution in Canada.

In general, Waddell (2009a) evaluates quite negatively the post-acquisition internal strategies undertaken by these corporations over the past six years with regard to organizing journalistic work. He notes that while some journalists can work on several media platforms at once, this is not the case for the majority, who work on a specific platform and have acquired platform-specific knowledge. We can see evidence of this specialization elsewhere in the difficult collective agreement negotiations taking place between management and journalists, such as current negotiations at Quebecor.

Evidently, convergence cannot be considered an unequivocal process or a point of no return. I share the perspective of David Skinner and Mike Gasher, who observe that the large culture and communication industry corporations are encountering a large variety of situations (2005). Convergence may even result in a certain kind of divergence (Rallet, 1995), as in the cases of BCE and Canwest Global. This divergence was the source of a new convergence in 2010 with the purchase of part of Canwest Global by Shaw, an emerging giant in the Canadian culture and communication industries, while part of CTV Globemedia was purchased by BCE. That said, Quebecor is assuredly in the lead in Canada in terms of economic and technological convergence (Carbasse, 2010). The conglomerate has developed important market power.5 Content—especially informational—has begun to be reused across several platforms; and a good number of cross-platform promotions have been undertaken. Nevertheless, what we see here is not yet a full merger of activities undertaken by different subsidiaries but rather cooperation agreements. Quebecor, however, is a bit of a unique case for two reasons: 1) it carries considerable weight in the culture and communication industries in Quebec; and 2) its ownership of cable company Vidéotron has permitted it to make considerable profits, even during the financial crisis. In 2009, Quebecor had an operating income of $1.276 billion of which $972.9 million came from Vidéotron, a bit more than three-quarters (76%) (Brousseau-Pouliot, 2010).

As always, it seems, convergence is more a mobilizing project than a tangible reality. The situation should not be thought of as unproblematic, though, especially in terms of maintaining or attaining access to a diversity of information. As Mike Gasher (n.d.) has said, the acquisitions that have taken place since the 2000s were so enor-
mously expensive that they were followed by waves of downsizing and restructuring attempts. At times, these took place right before the acquisitions occurred. Just before the purchase of CHUM by CTV Globemedia in 2007, 281 full-time and part-time news-room workers were fired. This move was justified by the need to reorient CHUM toward more profitable activities. Canwest Global became so indebted over the years that, as we saw earlier, it ultimately collapsed.

Christopher Waddell (2009a) is not very optimistic about the situation either, noting that when economic growth has arrived and a corporation makes more than a 20% profit margin, it is only possible to pay out dividends to shareholders and reimburse the considerable interest due on loans taken out to finance acquisitions so long as downsizing continues. The situation has become even more difficult for employees during the economic crisis. Waddell sees five important consequences for the practice of journalism: 1) a decreasing number of specialized journalists and increasing number of inexperienced journalists; 2) a decreasing number of journalists in local media, which means it has become impossible to dedicate an entire day to researching and writing a story; 3) a standardization of news in both form and content, with editorial decisions being taken more centrally; 4) a decrease in content produced outside the primary urban markets; and 5) a standardization of Web-based content, as has occurred for the entirety of Canwest Global daily newspaper websites, in order to, among other things, drive national advertising campaigns.

Finally, the heft of conglomerates like BCE/BCE Globemedia then CTV Globemedia, Canwest Global, Quebecor, Rogers, and now Shaw makes it increasingly difficult “for new corporate players to compete and reduces the number of choices media consumers face in deciding among information and entertainment sources” (Gasher, n.d.). The situation is even more problematic in Quebec than in the rest of the country. Here media are dominated by two parties: Quebecor on one side and Gesca/Société Radio-Canada on the other, which, even if it does not rely on a capitalist alliance but instead on informal agreements, still constitutes a second dominant power in terms of production and distribution of information. Choices of employment for information professionals also tend to be very limited.

Consequently, if we cannot necessarily draw absolute lines of causation between concentration of media ownership and declines in media pluralism (George, 2007), it is worth supporting diversity in media ownership (private, but also public and community ownership) to broader pluralism (Horwitz, 2005). This is all the more crucial in an era where the Web has become a primary form of media—an omnipresent and inexhaustible source of content—and when it becomes apparent that the same corporations are coming to dominate both the means of production and distribution. Surely we must take into account the space taken up by the Microsofts, Yahoos, and Googles, which leverage their knowledge about internauts, a strategic move in the era of the economy of attention (Goldhaber, 1997; Kessous, Melleta, & Zouinar, 2010). Yet, while they may be mighty, these media groups produce almost no original content of their own (Goyette-Côté, 2010). Access to the Web does not, in and of itself, guarantee access to a diversity of information. Indeed, it should be our responsibility to closely follow processes of media convergence with a renewed critical perspective.
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Notes
1. I use the expression culture and communication industries (CCI) to denote my main concern. Philippe Bouquillon (2008) speaks of culture industries as cinema and audiovisual industries, recorded music industry, book publishing, the press, and information. Communication industries include telecommunications networking, software, and online-related industries as well as material for public dissemination, such as news, entertainment, and communication.

2. The important role of Rogers should also be mentioned here; however, the formation of this multimedia conglomerate began much earlier with the purchase of publisher Maclean Hunter in 1994.

3. According to the Interactive Advertising Bureau of Canada, the Internet became in 2008 the third most valuable media space in terms of advertising revenue, with a total of $1.6 billion, overtaking radio ($1.5 billion) yet trailing behind television and print media (Schmouker, 2009).

4. Bouquillon, Miège, and Pradié write about “industrial synergies,” “as among groups themselves, the articulations between different activities and services of the same group but related to different subsidiaries (audiovisual, print, telecommunications, computing)” (2003, p. 426, author’s translation).

5. Cable company Vidéotron would refuse to carry a proposed Astral Media children’s channel in 2008 while its parent company, Quebecor, announced two years later it would be internally launching an equivalent channel (Dumas, 2010).

References


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