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Content, Catalogs, and Cultural Imperialism

Que le carnage commence! (Let the carnage begin!)
—*Le Monde* newspaper, September 13, 2014, the day before Netflix's launch in France

In previous chapters, we have explored the technical infrastructure behind Netflix's international service and the commercial issues the company has faced in entering diverse markets. Now it is time to turn our attention to matters of content and to the vast array of movies and television series that the platform makes available to audiences around the world.

Netflix's internationalization has presented some fascinating content-related questions, many of which recall long-standing debates in media and communications research about the origin and intensity of international television flows. The most contentious issue across the board is the relative lack of local content within the platform compared to the abundance of U.S. programming. Netflix chief content officer Ted Sarandos has stated on several occasions that the company follows a "secret formula" when curating its international catalogs, involving "around 15% to 20% local [content] . . . with the [other]

Figure 5.1. Netflix: a global pipeline for U.S. content? Screenshot by the author.

80%, 85% being either Hollywood or other international content" (Netflix 2014; see also Block 2012). This definition of local appears to be quite flexible: in English-language markets, local might mean a mix of British and American content, whereas Spanish or Mexican dramas might count as local in South American nations, and Egyptian and Turkish soaps might count as local in the Arab world. Relatively few Netflix catalogs—especially those of small, minor-language markets—actually offer 20% local content from the country in question. Many smaller markets make do with a mishmash of whatever bargain-basement material has been licensed to Netflix under global terms. In any case, the bulk of the catalog in each country—including both licensed titles and original productions—skews heavily American.

Netflix makes no apologies for this. On its investor relations website (Netflix 2017c), the company explains that "local content represent[s] a minority of viewing in our markets." It explains its strategic and selective investment in original local content as "a way to onboard members and to introduce them to our global [i.e., U.S.] catalog," adding that "our aim is not to replicate the programming of the local broadcaster or TV network in a given market but to complement our service with local content where appropriate."

For countries with strong traditions of local content regulation, this is a potential problem. Netflix now competes in some markets with broadcast and pay-TV companies that are often obliged to screen a substantial amount of local, national, or regional content as part of the conditions of their license. Netflix, as an over-the-top service, is generally immune from such requirements. As a result, regulators, screen industry bodies, and civil society groups are increasingly looking closely at the Netflix catalog in their country and even commissioning their own studies of its content mix.

In Canada, where Netflix has been operating since 2010, research conducted for the Canadian Radio-Television and Communications Commission estimated that only 3.3% of feature films and 13.7% of TV content in the Netflix catalog were of Canadian origin (Miller and Rudinski 2012). In Australia, where Netflix launched in 2015, there were only 34 Australian movies in the catalog and around the same number of TV shows available upon launch (Scarlata 2015). More recently, research conducted by the European Audiovisual Observatory (Fontaine and Grece 2016) noted that across Netflix's 28 European catalogs, Hollywood movies typically account for over two-thirds of the film titles on offer. In the majority of European countries—including Austria, Bulgaria, Cyprus, the Czech Republic, Estonia, Finland, Greece, Croatia, Hungary, Lithuania, Latvia, Malta, Romania, Slovenia, and the Slovak Republic—there were no local films available on Netflix at all.[1]

As these figures suggest, the rise of Netflix presents challenges for existing media policies—especially local content policies designed in a broadcast era—that seek to maintain "some kind of dynamic equilibrium over time between locally produced media content and material sourced from overseas" (Flew 2007, 121).[2] Policymakers trying to keep up-to-date with the furious pace of technological change are increasingly looking to Netflix and asking questions such as: Is it a problem that Netflix is so Hollywood-centric? How does it compare on this front to local broadcast and pay-TV channels? Should Netflix be expected to screen and support local media productions?

Does the service provide a diverse "window onto the world," or is it yet another vehicle for U.S. domination?

Many of these questions involve normative assumptions about the relationship between national and global media and as such demand careful assessment. They also require us to think about the relative power of Netflix in particular national markets, and the sometimes divergent desires of audiences and policymakers in those markets. Approaching the Netflix catalog as an object of policy and politics, this chapter surveys some of the content-related controversies that have emerged in various countries and explores how media regulatory debates around this issue have been evolving in recent years.

Revisiting the One-Way Flow

The current discussion about Netflix catalogs is reminiscent of an earlier debate in international television research that may be familiar to many readers. Since the 1970s, media scholars, policymakers, and activists have been passionately arguing about the idea of cultural imperialism, a term referring to the wholesale export of media, information, and culture from the West to "the rest," and the relationship of economic and cultural dependence thus created. The idea first came to public attention in the late 1960s and 1970s through the work of Herbert Schiller (1969) and Armand Mattelart (1979), and in books like Allan Wells's *Picture-Tube Imperialism* (1972) and Jeremy Tunstall's *The Media Are American* (1977). It also gained institutional traction via UNESCO research and policy debates in the 1970s, as newly postcolonial nations across Africa and Asia asserted their cultural independence from former imperial powers.

For television studies, a legacy of the cultural imperialism debates has been the idea of the one-way flow. This is a much-contested notion, but the term itself simply refers to the argument that the United States (and to a lesser extent the United Kingdom and Western Europe) dominates the global television trade through the mass export of movies and TV series into foreign markets, including the deliberate dumping of content at cut-rate prices. As the theory goes, U.S. exports provide a cheap way to fill local schedules while also instituting a relationship of dependence between center and periphery. The end result is that *CSI* and *Grey's Anatomy* can be seen almost anywhere, while flagship productions from the rest of the world travel less frequently beyond their national borders.

The one-way flow has been a divisive topic within television studies, and while the theory has been questioned on conceptual and empirical grounds, it persists as a powerful meme in global policy discussions. For this reason, when thinking about the issue, it is necessary to distinguish between explanatory theories and actually existing discourses that shape policy and practice. The key is not so much whether the one-way flow idea was right or wrong but rather the fact that many people continue to *feel* there is a one-way flow, which requires an understanding of where this idea came from and how it circulates in the context of contemporary discussions about internet-distributed television.

A key document in this regard is the 1974 UNESCO report *Television Traffic—A One-Way Street?* by Kaarle Nordenstreng and Tapio Varis. This famous study examined broadcast TV schedules in 50 countries to establish an evidence base about the origin and direction of cross-border flows—culminating in the authors' well-known diagnosis

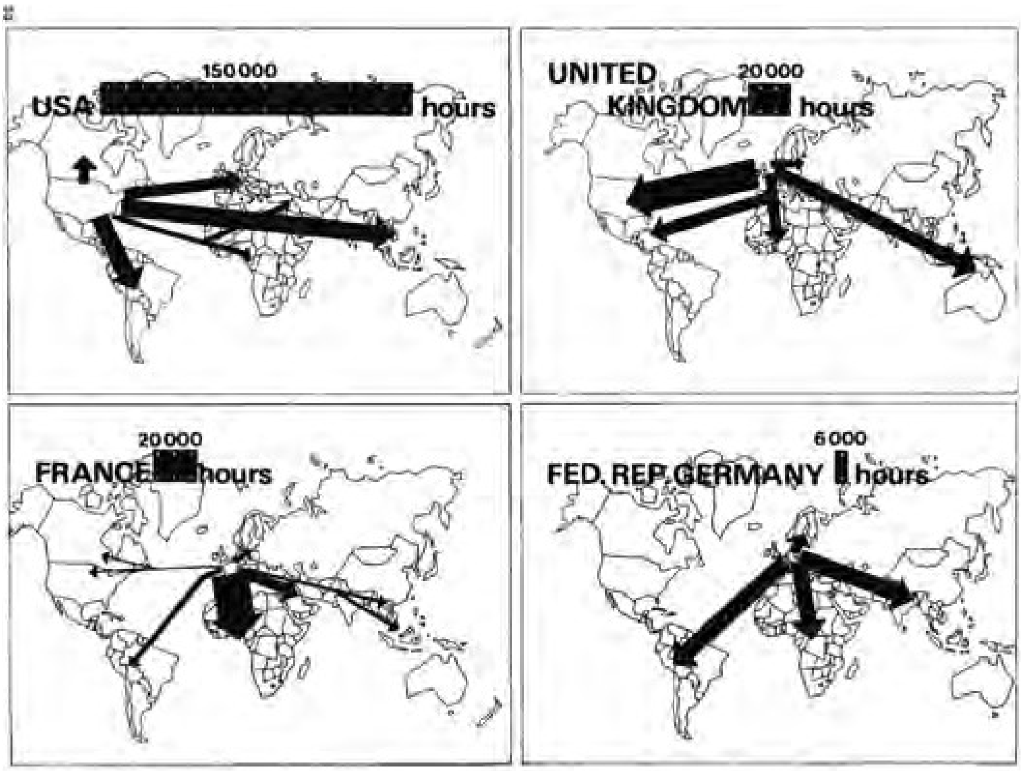

Figure 5.2. The distribution patterns of the major program exporting countries in the early 1970s, showing annual exports in hours. The width of the arrows is proportionate to the share of the total export flow. Source: Nordenstreng and Varis (1974, 30).

of a one-way, West-to-rest pattern.[3] The report used a simple infographic to illustrate this finding (Figure 5.1). These conclusions were confirmed by additional UNESCO studies that appeared over the next decade (Larsen 1990; Mowlana 1985).

While raising tricky definitional issues when it came to determining the national origin of coproductions or news programs with inserted material, this approach provided an empirical basis for strong claims as to the direction and intensity of international television flows. Similar conclusions were reached in the major 1977 study *Broadcasting in the Third World* by Elihu Katz and George Wedell, who concluded that "the flow of entertainment programs and entertainment formats is almost wholly in one direction," adding that "the flow of news is even more unidirectional" (Katz and Wedell 1977, 166). While their assessment of the cultural impact of television exports was carefully qualified, Katz and Wedell were clear in their argument that developing nations (in the 1970s at least) were structurally reliant on cheap imports from the United States and on a "homogenized brand of popular culture either copied or borrowed from broadcasting in the West" (vii).

The basic method for international television studies in the 1970s was analysis of broadcast schedules. But such research also embodied a critical argument about the global order as it seemed to be emerging at the time. Taken to its logical extreme, the one-way flow could be seen as one element in an imperial project that extended longer histories of political and economic domination. Television functioned as a microcosm of a larger truth: the continued domination of the developing world by means economic, political, and cultural. This way of thinking, which Miller et al. (2005) would later describe as the "Global Effects Model," was clearly of its time—a product of Cold War politics and the political turbulence associated with decolonization, postcolonial nationhood, and the emergence of the nonaligned bloc in the United Nations and UNESCO. As Jean Chalaby observed, it was also a product of Marxist dialectics in that it "transposes the Marxist interpretation of social classes in perpetual conflict to the relation between place and culture" (Chalaby 2009, 231).

Television export studies were fundamentally about the *distribution*, not reception, of content. Like today's research on Netflix that shows the measly amounts of local content in national catalogs, the 1970s studies could measure the presence of American content in global schedules but could not account for the relevant prominence, popularity, or cultural impact of such content. Nor could they explain what American TV meant to people in their everyday lives. This led many scholars to question cultural imperialism's hypodermic-needle theory of reception and its romantic notion of the nation as a besieged space of cultural purity (Tomlinson 1991; Miller 1992). Barker (1997, 182) went so far as to claim that cultural imperialism had become "an increasingly inadequate concept for understanding television under contemporary conditions." Meanwhile, Straubhaar (1991) and Sinclair, Jacka, and Cunningham (1995) offered revisionist accounts foregrounding the scale of interregional television trade, especially in Latin America. Their research established that many nations replaced imported content with local production as their media systems developed, which suggested that American content was less monolithically dominant than originally thought. Under the weight of this new evidence, U.S. imports came to be seen by some scholars as "a kind of televisual Polyfilla, plugging the gap in the schedule" (Tracey 1985, 22), rather than an unstoppable force of cultural domination.

In rehearsing these arguments, I make the obvious point that export power does not translate directly into cultural power. At the same time, at least some aspects of the cultural imperialism thesis remain important for understanding how global audiences feel about digital media services like Netflix. The dominance of U.S. media is still an empirical fact that must be reckoned with, as Netflix programming shows. Concerns about the one-way flow have never gone away, and inequalities in television trade are a live and legitimate issue—regardless of how we account for their cultural effects. Audiences still want to watch TV in their own languages (and complain when they cannot do so), and policies still exist in many countries to protect local content and nurture local stories. All of this suggests that the basic conditions for public concern about one-way flow remain broadly intact.

Milly Buonanno is a scholar who has carefully negotiated this apparent contradiction between the explanatory deficiencies of the one-way flow and the persistent anxieties of national media policy. Buonanno's research on European television programming in the 1990s and the following decade revealed that 50 % of the movies and drama series shown on terrestrial TV in Europe were North American. Nonetheless, she is extremely careful about making claims on the basis of such evidence. Consider this passage from her marvelous book *The Age of Television*, which provides a nuanced account of export dynamics that carefully qualifies the idea of U.S. dominance:

> It may indeed be true on the supply side that "the media are American" (Tunstall 1977), but this assertion is subject to the distinctions mentioned . . . : not television in general, but television drama; not as a permanent state of affairs, but subject to variations in time and space. But on the consumption side things are different. . . . We do not need to espouse the theory that the public has become saturated with too much American television, although this may be true. We should rather uphold the structural nature of the gap between supply and demand for the foreign product, which has not come about by chance. (Buonanno 2007, 94)

Following this logic, the challenge of explaining international television flows is not so much about picking one paradigm over another (globalization vs. cultural imperialism) but rather about making careful distinctions between distribution and reception, economic structure and audience/buyer agency, and the more specific dynamics of various program types. Buonanno's other key insight here is that while the paradigm of cultural imperialism "has lost its central position in the field of explicit theories," it "still maintains its hold at the level of the implicit theories that underlie public discourse and ordinary conversation" (87). Many small nations still feel the specter of cultural imperialism even if they use a different vocabulary to express it, and whether or not the perceived threat comes from the United States, France, India, Japan, China, or Korea.

How does this apply to Netflix? It is impossible to understand the international policy landscape around internet-distributed services, especially SVOD, unless we heed the lessons of the cultural imperialism debate. As SVOD services command an increasing share of global television viewing in many nations, concerns about the one-way flow on unregulated and mostly U.S.-based platforms are increasing. This involves a renaissance of cultural protectionism in many nations and a reassertion of the regulatory power of the nation-state (Flew, Iosifidis, and Steemers 2016). The advent of internet television has somewhat unexpectedly served to *intensify* long-simmering arguments about television flows in general, precisely because of internet-distributed television's increased capacity for "programming from afar."

Netflix Catalogs and Media Policy in Europe

The European Union's undiminished commitment to the "cultural exception"—the idea that "creations of the spirit are not just commodities" and "the elements of culture are not pure business," in the words of former French president François Mitterand—has shaped continental media policy at a deep level. A central goal of the European Union's overarching media law, the Audiovisual Media Services Directive (AVMSD, 2010), is to nurture a "European audiovisual space." The AVMSD, which replaced the former Television without Frontiers Directive (1989), thus seeks to ensure that content from EU member states flows liberally across national borders within the region while preserving access to local-language and national-language film and television content in specific countries: Dutch films for the Dutch, Spanish television for the Spaniards. To this end, current EU law provides minimum standards of European content (at least 50% of broadcast television content must be European), which individual member states may increase if they wish.

The AVMSD—which is under revision at the time of writing—has until recently been vague about on-demand services, referring only to a general obligation to "promote" European works.[4] European member states have been left to make their own rules about how this might happen (for example, through content quotas, levies, or investment requirements). Quotas now apply to video-on-demand services in a number of European nations, though the specified percentage of content varies considerably. For example, VOD services based in France, Austria, and Lithuania must dedicate at least half of their catalogs to European content, while services based in the Czech Republic, Malta, and Slovenia face a much lower hurdle (10%).[5] Broadly speaking, Central and Eastern European nations have tended to favor lower or no quotas, while Western European nations opt for more stringent quotas.

In addition to these rules about the presence of European content in on-demand catalogs, some countries have also imposed specific rules about how digital platforms present their content to viewers (European Commission 2014).[6] In Romania, it is required that providers indicate the country of origin of titles in the catalog. In Poland, rules specify how platforms should promote European content in trailers, home pages, and catalogs. Estonian law requires that providers give some prominence to recent European works, those released within the last five years. These laws add another layer of complexity to the European content quotas that already exist in many EU nations.

The most regulatory-minded country in the EU on cultural policy issues is France. Here, interlocking policies exist to protect national customs, language, and media from Anglophone influence. France, which has chosen to ramp up the minimum EU content quotas to a higher level, presently requires that 40% of broadcast television and radio programming must be of French origin, and no less than 60% of on-demand content must be European. In addition, free-to-air TV, pay-TV, and TVOD services are obliged to invest a portion of their revenue in European and French original productions, and strict chronology rules regulate a film's movement through nontheatrical windows (Blaney 2013; O'Brien 2014; Keslassy 2013). France also has specific rules about discoverability in on-demand services. Current law specifies that "the home / front page of the service provider must display a substantial proportion of European or French-speaking works" and that visuals and trailers of these works must be shown, not just the title (European Commission 2014). These rules apply only to services based *in* France and have no effect on services based in other countries, even when they cater to French audiences. Under the AVMSD's "Country of Origin" principle, providers must satisfy only the rules of the country in which the service is registered. Hence, Netflix's European operations, which are headquartered in the Netherlands, only need to satisfy the lax Dutch requirements about European content, no matter the size of the audience in France. As a result, Netflix and other providers have an incentive to set up their operations in less regulatory-minded member states.

European regulators are well aware of this issue, which results in uneven compliance with the spirit of European content rules across the continent. In response, they have been seeking to harmonize national rules to create a more uniform regulatory environment. To this end, the European Commission announced in 2014 that, as part of its Digital Single Market strategy, it would begin consultations for a new version of the AVMSD. Three months of intense lobbying followed, during which major European telcos and U.S. tech companies (including Netflix and Verizon) argued the case for retaining the status quo, while European screen industry groups (and a number of EU member states) argued for stronger regulation. France was especially vocal in its submission to the EC: it wanted a new content quota to promote cultural diversity and to protect European audiovisual industries from unfair competition from American companies. In its submission, France also attacked the tendency of "certain non-European companies" to set up shop in EU member states with light-touch regulation:

> This strategic relocation, associated in particular with digital services, is a form of "forum shopping" and ultimately takes place at the expense of the value chain of European

> content. Thus publishers established in France—who are subject to ambitious regulations to support the audiovisual industry, protect creators and offer diversified and quality content to viewers—are in direct and unfair competition with the services established in another country, which are not subject to the same rules but generate profits in the same market. (Government of France 2015)[7]

Unsurprisingly, Netflix came out strongly against these proposals. Its submission to the European Commission warned that "rigid numerical quotas risk suffocating the market for on-demand audiovisual media services" and that "an obligation to carry content to meet a numerical quota may cause new players to struggle to achieve a sustainable business model." Netflix even offered some free policy advice to Brussels, suggesting that "the focus of European audiovisual media policy should be on incentivising the production of European content and not imposing quotas on . . . providers who may then struggle to meet the supply" (Netflix 2015c, 16–17).

After much deliberation, the European Commission eventually came down on the side of France. Its proposed new AVMSD package, released in March 2016 as "a media law for the 21st century," contained some very significant new regulatory requirements that are likely to reshape the audiovisual landscape in Europe (at the time of writing, these have yet to be implemented).[8] The most controversial requirement was a 20% European content quota in VOD and SVOD catalogs (subsequently increased to 30% by the European Parliament), designed to create "a more level playing field in the promotion of European works." Importantly, these rules would apply regardless of the country of origin: major European *and* foreign services like Netflix would all have to comply if they wished to do business on the continent. A second element of the new AVMSD applied to the recommendation systems used by digital video platforms. Platforms would be required to give European content a reasonable degree of visibility within their catalogs, even if this meant rewriting algorithms to prioritize such content. These discoverability requirements are significant, signaling the EC's intention to ensure providers could not work around the content quota by licensing cheap, low-quality European content and burying it in their catalogs.

EU regulators were merely acknowledging the obvious fact that users of Netflix and similar services do not experience the catalog *as* a catalog or as a static list or schedule but rather as a series of interactive, personalized recommendations that are algorithmically sorted according to user viewing history, demographic, and location data. Given the importance of recommendations in driving viewing behavior, these systems are clearly important objects for cultural policy regulations to consider. If implemented, this second rule would require changes to the way Netflix's algorithms work, given that content recommendation is tailored to an individual's viewing history.

Naturally, Netflix pushed back on the filtering proposals, noting that they are "not compatible" with how people use SVOD services, and claiming they would undermine Netflix's ability to recommend what people are most interested in. Netflix had previously argued to the EC that personalized recommendations were the best kind of promotion for EU works, precisely because they are based on demonstrated preferences and will therefore recommend more EU content to people already known to like such content. In Netflix's words, "the consumer personalization approach allows for more European works to be available to subscribers that are interested in such types of content and helps them find those European works—in effect, promoting them and creating a virtuous demand-supply cycle" (Netflix 2015c, 17).

Netflix's talk of a "virtuous demand-supply cycle" may be gilding the lily, but they do have a point about recommendation. In SVOD services, the catalog is really the raw inventory of content from which selections are algorithmically drawn and is rarely visible to users in its entirety. The algorithm has considerable agency here. However, this also means that regulators' arguments can be considered valid when they insist that the algorithm is a legitimate target for regulation. This tension reflects the fuzzy boundaries of today's media policy debates, which are not just about *how* and *how much* to regulate but also *what* to regulate (i.e., which objects, technologies, and practices count as "media"). The EU, for its part, seems to be moving in the direction of treating algorithmic recommendation as a media system in its own right, or at least an appropriate surface for regulation.

At the time of writing, these new regulations have yet to be legislated. Nonetheless, the fact that these proposals are being debated at the highest level is testament to the level of concern about these issues within Europe, where questions of national sovereignty, cultural diversity, and, indeed, cultural imperialism are still taken quite seriously. In bringing discoverability into the equation, the AVMSD foretells a new approach to media regulation—an attempt to retrofit existing regulatory models for the more complex, context-dependent landscapes of digital distribution—and suggests some of the techniques that future governments may use to intervene in the digital media economy.

The Canadian Situation

The EU's interventionist position in these debates is worth noting as an exception to the general deregulatory thrust of global media policy in recent decades. Relatively few governments have the resources or appetite to enforce these kinds of measures. Others are discouraged from imposing national content quotas on digital platforms because of preexisting commitments in trade agreements—Australia, for example, traded away this right during negotiations for the 2004 U.S.-Australia Free Trade Agreement.

Canada—a midsize country with a long history of cultural policy protections for its bilingual media space—is an interesting case. With nationally funded public-service media institutions, Canada has long-established systems of state support for cinema and television production and a quota system for Canadian content (Cancon), including requirements that VOD services include Canadian movies in their catalogs.[9] Netflix has a relatively long history in the country, having operated there since 2010, and 53% of English-speaking Canadian households are now thought to subscribe (Robertson 2017). By this measure, Netflix would have to be considered a mainstream rather than a niche media service in Canada. Yet, as a digital service, it is not required to invest in Canadian production in the same way as television and pay-TV companies are. Progressives in Canada argue for tighter regulation of Netflix as a way of preserving Canadian culture in the face of unfair over-the-top competition. A report by the Canadian Centre for Policy Alternatives gives a sense of this position:

> Canada is no stranger to turning points in the media landscape, and Ottawa has proven its ability to respond in ways that continue to support Canadian cultural production. In the 1930s, for example, we created the CBC to counteract the domination of the English-language airwaves by U.S. radio. In the 1960s, when American television programming flooded Canadian airwaves, we wrote new Canadian content regulations. Today the issue is once again domination, but this time of the Internet by mostly U.S. OTTs, which have become their own distribution networks as well as their own creators of new media. (Anderson 2016, 9–10)

Here the content regulation question once again becomes entangled with questions of national sovereignty. The argument is that unless Canada moves urgently to regulate internet television services, the country will be "in danger of losing control of its broadcasting system and of causing severe damage to the production and delivery of Canadian cultural programming"—something the report describes as "akin to the unregulated radio era of the 1930s and 1940s, when Canadian airwaves were dominated by American programming and we were merely a branch plant location for U.S. culture" (44). This vision of Netflix as yet another U.S. media company muscling into the national media space is familiar to Canadians. As a journalist from the *Globe and Mail* wrote recently, "Canadians' digital habits are stripping millions out of the system as the dollars spent on ad buys, Netflix subscriptions and Amazon purchases

TABLE 5.1. Paid subscriptions to over-the-top services in Canada (English-speaking population estimates)

Netflix	53%
CraveTV	9%
Amazon Prime Video	5%
Sportsnet Now	5%

Data source: Media Technology Monitor Survey, cited in Robertson (2017).

all flutter down to California. Meanwhile, Canadian content risks drowning in the Internet ocean" (Taylor 2016).

On the other side of the political spectrum, Canadian conservatives are skeptical of the quota system and of media regulation in general (Globerman 2014). They argue that imposing new taxes or obligations on online services is unnecessary for quality Canadian content to thrive, and that such regulation stifles digital innovation and free markets (seen as the best vehicle for creating culture). Conservatives, like progressives, have also found reasons to bring Netflix into the political debate. During the 2015 Canadian federal election campaign, prime minister Stephen Harper released a scripted video on Twitter promising that he—unlike Justin Trudeau—would never tax over-the-top services. "I love movies and TV shows," he tweeted, "I'm 100% against a #Netflix tax. Always have been, always will be #NoNetflixTax."

From 2013 to 2014, the Canadian Radio-Television and Telecommunications Commission ran a public consultation process called *Let's Talk TV* to guide the future of national television policy. Hearings were held in 2014, and Netflix representatives were called to give evidence. However, Netflix executives would not divulge commercially sensitive data requested by the commission—such as the number of Canadian subscribers and Netflix's dollar-figure investment in Canadian content—other than to claim that "Canadian content is thriving on Netflix." In response, the commission struck Netflix's evidence from the public record as a rebuke for the company's recalcitrance. This fuss, which made a few headlines in Canada at the time, gives an insight into Netflix's sometimes insouciant attitude toward national media regulators. Ultimately, Netflix did not need to play by the CRTC's rules and was able to opt out of the process when it was expedient to do so (Pedwell 2014; Anderson 2016, 36; Wagman 2017).[10]

The relationship between Netflix and Canadian regulators has grown more complicated over time. In 2017, while announcing the recommendations of the government's new Cancon review, heritage minister Mélanie Joly made two major announcements concerning Netflix. The first piece of news was that Netflix and the Canadian government had signed off on a deal for Netflix to establish a production base in Canada and to invest C$500 million in Canadian screen production over five years. Netflix claimed this was new money as opposed to already-committed funds; however, some observers were skeptical of the claim, and others asked whether the funds would be used to produce runaway U.S. productions, taking advantage of the lower production costs over the border. Netflix (2017b) insisted that they "invested in Canada because Canadians make great global stories"—a response that did not seem to sway its critics (Taylor 2017). The second piece of news was that the government had decided not to proceed with plans to impose a sales tax on digital streaming services. Despite announcing these two commitments on the same day, both Netflix and the Canadian government stressed there was no link between them and that the production spending was not given in return for the tax break.

Nonetheless, the timing of the announcement raised many eyebrows.

Comparing policy debates in the EU and Canada reveals some differences as well as some similarities. Canada, unlike the EU, is not proposing a Netflix quota, though the issue of Cancon on Netflix remains highly controversial. Canada's current audiovisual policy emphasizes "strengthen[ing] the creation, discovery and export of Canadian content," suggesting a more strategic subsidy model for telling Canadian stories, in contrast to the European quota model. The term "discovery" connotes distribution, search, and algorithmic filtering—all the characteristics of the Netflix era. Canada, like the EU, is putting digital distribution front and center in its thinking and is attempting to retrofit long-standing media policies around this theme. Whether this will be enough to satisfy Canadian content creators and cultural policy advocates remains to be seen.

Do Audiences Actually Want Local Content (on Netflix)?

We have heard a lot from policymakers and policy advocates, but what about audiences? How do they feel about the local content issue? The voice of the audience does not feature prominently in local content debates and, as a result, it can be difficult to know how local they want their television to be and how this sentiment might vary across different kinds of television services.

In thinking about this issue, it is worth going back again to the *Television Traffic—A One-Way Flow?* report and to some comments in the report's appendix from Elihu Katz. Writing more than 40 years ago, Katz identified some important questions that are still highly relevant to the Netflix case. He began by noting that critiques of U.S. or European dominance in broadcasting rest on "certain value assumptions which deserve to be made explicit":

> There is the assumption, first of all, that national creativity—that is, home-made programmes—is a good thing. Some people may disagree: it is possible to argue that nation-states ought not to be striving to create their own cultures or to continue their own parochial traditions. Perhaps it is better to be more cosmopolitan. It is certainly cheaper to let Sam do it.
>
> A related question is what kind of free-flow of information do we want? Underlying this study is the assumption that an egalitarian flow in all directions is an ideal toward which to strive. But perhaps some people would be satisfied with today's more unidirectional flow, if only because they prefer not to tamper with information. Perhaps the global village is not so bad? Perhaps the nation-state will wither away more quickly if television and other cultural media are homogenized! Perhaps conflict among nations will be reduced if they find common ground in *Peyton Place*. Perhaps the audiences everywhere do really prefer *Bonanza* to locally made cultural products? (Katz, in Nordenstreng and Varis 1974, 47)

Swap *Peyton Place* and *Bonanza* for *Stranger Things* and you see how Katz's point applies to Netflix. The assumption that audiences necessarily *want* to see their own stories on Netflix more than they want to see Hollywood stories is questionable because the wider national media landscape may already be structured and regulated to provide significant amounts of local content through existing broadcast and pay-TV channels. The issues Katz identifies here clearly remain unresolved.

It is difficult to speak in general terms here. Every country has its own story when it comes to local content. In Chapter 4, we considered the situation in India, where Netflix is very much a niche service. India is not having the same kind of policy debate about "Indian content on Netflix." With a very mature and successful commercial screen industry of its own—where language functions as a natural protection measure—India has no real need for Netflix to add to the existing stock of national self-representation. Instead, Netflix's signature brand of edgy English-language content appeals to those audiences already predisposed to imported content—and everybody is more or less happy with that arrangement, at least until Netflix becomes popular enough that it starts to unsettle existing incumbents. But the story is different in Anglophone countries such as Australia, New Zealand, and the United Kingdom. In these countries, American programming can have a stronger substitution effect on local programming, because of the language factor. Many Australians, Kiwis, Brits, and Canadians are more than happy to trade up their local dramas for higher-budget English-language Netflix programming.

Here we can see how the cultural policy debates vary significantly from country to country. Inherent differences in national markets shape the potential impact of Netflix within those markets. An additional complicating factor is that Netflix occupies different *market niches* within those countries. In the United States, Netflix is a mainstream middle-class product, affordable and accessible to most people with a high-speed internet connection. In other parts of the world, Netflix use is either negligible or limited to cosmopolitan upper classes whose tastes may not be indicative of those of their fellow citizens. (Recall that the company explicitly targets “English language-speaking elites” in foreign markets [Netflix 2016].) In other words, Netflix caters to different *kinds* of global users, as well as different national markets, so how regulators feel about Netflix (the perceived threat level) varies accordingly.

This raises some fascinating regulatory questions. If Netflix is effectively a niche service, serving only a small number of viewers, should it still be asked to represent the local way of life in its programming? Perhaps this is an unfair expectation to begin with. After all, Canadians do not expect European art house movie SVOD services like Mubi to support local production, because they have very small audiences. Nor would a New Zealander expect a Chinese video-on-demand service to support Kiwi productions just because that service is potentially available in New Zealand. This is why media policies designed for convergent media landscapes often make a distinction between media services on the basis of size and audience rather than delivery mechanism. For example, the EU’s Audiovisual Media Services Directive is clear about the fact that it is designed for “mass media” and that “low turnover companies, thematic services and small and micro enterprises are exempted from these requirements.” Netflix certainly does not have a low turnover when considered as a global operation, but its turnover is low in specific countries. Is this enough to qualify Netflix for regulatory immunity? Should regulatory definitions of size be based on the receiving-country presence or the overall size of the corporation? These are some of the policy debates that the case of Netflix brings into focus.

In this context, calls for Netflix to behave more like a national television service may be somewhat naïve, and possibly counterproductive. As Katz observed many years ago, we must accept the possibility that many global viewers prefer *House of Cards* to their local shows (or rather, they like the option to watch it *as well as* their local shows). This is what Netflix chief content officer Ted Sarandos thinks, at any rate. Speaking on a quarterly result call to financial analysts in 2014, Sarandos made the following observations about how his 80/20 rule was working in Western Europe, where Netflix had recently launched:

> One of our first indicators that we are getting the mix right is how many hours of viewing people are participating in. And in France and Germany, the viewing hours are quite healthy relative to all of our other launches. So . . . the consumers are finding the things they want.
>
> The tricky thing is figuring out, is the local content something that people want in the long term. Because when we first go at a new market, I think people are mostly excited about those things that they didn't have access to before.
>
> So *Orange Is the New Black* was by far the most watched show in both France and Germany, and in fact all of the markets that we launched. So it tells you that with all the differences in taste, . . . they all rallied around that show. (Netflix 2014)

It is in Netflix's interest to say this, and we should not place too much stock in a company's public relations. But nor should we dismiss Sarandos's argument out of hand. Implicit in his comments are certain claims: that Netflix subscribers mostly want international content as opposed to local content (though I doubt Sarandos would say this of North American Netflix subscribers) and that premium content can be transcultural in its appeal. With access to the Netflix black box, Sarandos may be in a position to know, but it is worth emphasizing how controversial such claims still are in the context of media globalization debates.

Is there a way to reconcile these positions? On one level, the problem remains intractable, because actually existing audience activity rarely aligns neatly with cultural theory. But if we look once more to the history of debate around global television flows, we see a path through the fog. The trick is to use *both/and* rather than *either/or* thinking. Audiences do not choose between the local and the global but combine both in their everyday lives; they move between these scales of identification, at different times and for different purposes. Audiences understand that local programming is good for some things (news, sports, comedy, reality TV), while American imports are often better for other things (high-end drama, spectacle, thrills). And, of course, the sheer predominance of a particular kind of content in the SVOD catalog does not determine viewer experience as much as it would in a linear schedule, precisely because the outer reaches of the catalog can be conjured to appeal to and appear to those users who have already expressed an interest in watching more obscure content, whether Scandi-crime, Hindi blockbusters, or Nollywood (Nigerian) movies (all of which can presently be found in Netflix catalogs).

Netflix's specificity for international television research therefore lies not in the issues it raises about cross-border content flows—because we have seen this before—but in the fact that it can effortlessly combine the local and the global *within the one platform* and constitute itself as many different products simultaneously because of the magic of algorithmic filtering. Hence, while its political economy seems to be an extreme case of the local/global dialectics that much media globalization theory is based on (North American enterprise coming over the top of the national), its internal constitution as a platform blurs these boundaries in new ways. This may not be enough to redeem the platform in the eyes of regulators, who are likely to remain focused on the number of national titles in the catalog, but it should act as a prompt for television scholars to develop new ways to think about the articulation between catalogs, recommendation algorithms, and national media policies as we move further into an on-demand media environment.