
Reflections on the State of Canadian Media

by Russell Mills

Concern about the state of the news media has been a recurring theme in Canadian public life over the past few decades since control of the media has become concentrated in a few large corporations. The primary fear is that this concentrated ownership may reduce the quality and independence of the information Canadians need in order to govern themselves.

In a democratic society, the news media play an indispensable role. They provide the information that sovereign people require in order to form opinions on matters of public policy and to make judgments about the performance of their representatives and the leaders they have chosen. Without accurate, timely and independent sources of information, the ability of people to form these opinions and judgments will be reduced and democracy will suffer. When the news media fail in these responsibilities, the sovereignty of the people — an essential characteristic of democracy — is impaired.

The information and debate supplied by good journalism are the oxygen of democracy.

Perhaps the most vital characteristic of the information that citizens of a democracy require is independence. By "independence," I mean freedom from any pressures or incentives that might cause information to be distorted,

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either in pursuit of rewards or because of fear of consequences. There should be no pressures on the news media to offer information that is less than as complete and accurate as possible. There should also be no pressures to limit debate to only certain points of view.

Independence from government is perhaps the single most important aspect of the overall independence of the news media, since government controls so many of the rewards and punishments that might cause information to be distorted between the source and the public.

Because independence from government is so vital, some may question the wisdom, and even legitimacy, of a Senate examination of the state of the news media. They may feel the state of the industry should be left as a private matter between the news media and their customers, and that no arm of government or Parliament should interfere.

As far as the editorial content of news media is concerned, I believe they are right. Because independence from power is so vital, I would be uncomfortable with a government or parliamentary body making recommendations about the editorial content of print media, which are, and should be, unregulated. Broadcast media, which operate under an act of Parliament, are different, but even in the case of broadcasting, the vital independence of editorial content should be recognized and respected.

I believe such questioners are wrong, however, as far as the structure of the industry is concerned. All societies have rules for allocating broadcast frequencies because

of scarcity. Most impose public obligations on broadcasters and it is common in democratic societies to have limits on ownership, including cross-ownership of broadcasting and other media.

The print media are also affected by structural rules. Foreign ownership is effectively banned and parts of the industry benefit from postal subsidies. These rules, and how they affect information, are a legitimate subject for examination by a committee of Parliament.

Previous inquiries into the media have had limited but generally positive results. One reason their success was limited was because, in some cases, they went too far in making recommendations that could interfere with editorial content. The Senate's special committee under Keith Davey more than thirty years ago led to the creation of Canada's first press councils. The royal commission under Tom Kent, which studied the newspaper industry more than twenty years ago, made many recommendations that were not enacted but resulted in the expansion of press councils across the country.

While press councils are imperfect bodies, as someone who has both served on them and testified before them and been subject to many of their judgments, I believe they generally improve newspapers by making them more accountable and responsive to the public. The public airing of issues and debate about the news media that these inquiries engendered was also positive.

The Senate committee's work also has the potential to have a positive and even greater impact if you are careful to avoid trying to deal with editorial content directly. Some of the provisions in the proposed newspaper act in 1981 that flowed from the work of the Kent commission would have come close to bringing government into Canada's newsrooms. One measure would have made newspaper editors accountable to a community committee operating under the aegis of a minister of government. I fought this along with all other senior people in the newspaper industry. With the help of international press freedom organizations, that proposed act was eventually shelved.

While there were some problems in the newspaper industry twenty years ago, that cure was far worse than the disease. By reaching too far, the entire proposed law collapsed. Since that time, freedom of expression has also been enshrined in our Constitution in the *Charter of Rights and Freedoms*. Intrusive proposals may not only be unwise today; they may also be unconstitutional. Recommendations that deal only with structure and avoid impinging on content may have the greatest chance of resulting in change in improving the state of the news media in Canada.

The greatest concentrations of ownership are in cities across the country. In Vancouver, for example, CanWest owns both daily newspapers as well as television stations. You need to travel to some of these communities to hear from citizens about problems that concentration may be causing. You will be handicapped in your ability to assess this if you try to do it by inviting people to Ottawa. You will get a richer cross-section of opinion by visiting communities most affected.

Many of the complaints you will hear will undoubtedly be about content. It fine to hear those. The recommendations you make, however, should only be about structure and steer clear of proposals that would suggest there is any role for government in controlling editorial content.

You will undoubtedly hear from media owners that Canadians have access to more sources of information than ever before and that, therefore, there is no need for this inquiry and no need for structural change in the industry. This is only partly true. Anyone with an Internet connection and sufficient time has access to an incredibly rich variety of information and opinion on international affairs and, to a lesser extent, on national affairs.

The major gap is with information about municipal and, in some cases, provincial governments. Since these governments deliver most of the services that Canadians see and use, this is a serious deficiency. Most of the information and opinion about municipal and provincial governments comes from newspapers and, to a lesser extent, from television. In Canada these media now often have a common owner.

As these owners push their convergence strategies and try to achieve efficiencies in news gathering, a reporter covering a municipal council meeting, for example, may file a story for a newspaper that will also appear on the newspaper's Web site and then go on to provide a commentary for television. The effective result of this is transfer of power from elected officials to the news media. A mayor, for example, trying to communicate with his or her constituents may have to do it through one reporter rather than the several he or she might have faced before. If this reporter decides to downplay a story or gets it wrong, all of the community may be deprived of accurate information. With more reporters, there is a greater chance that the message will get through.

The other problem with using the Internet as an excuse for inaction is that there is no evidence that Canadians or any other people will spend significantly more time reading or viewing the news simply because the richness of the Internet is available. Except in special circumstances, like the terrorist attack on the United States in September 2001, or the start of the recent invasion of Iraq,

a typical educated Canadian will spend about half an hour to three quarters of an hour a day with the news. The richness of the Internet may be available but, except for specialized purposes, it is not used very much. Most Canadians still get the vast majority of their general news from television, radio, and newspapers. That will continue for the foreseeable future. Because of this, an examination of the concentration of ownership of the traditional media that dominate delivery of news in Canada is appropriate in spite of the Internet.

I am sure you will also be told that there is no need for structural change because the newspaper industry has less concentrated ownership than it had at the time of the Kent Commission. That is true. There is also much less concentration than it was four or five years ago when Hollinger, Conrad Black's company, owned almost 60 per cent of Canada's daily newspapers. It is true that when you consider newspapers alone at the national level, concentration has been reduced, mainly because CanWest sold many smaller newspapers to two new players in the industry, Osprey Media and Transcontinental.

There are two problems with that, however. One is that because of the convergence strategies of media companies that are trying to achieve efficiency and synergy across different media, it does not make sense to consider newspapers alone. Since different media are being managed jointly, it is appropriate they be analysed jointly. The second problem is that concentration is primarily a local problem affecting communities rather than a national one. You should be looking at concentration of all media in cities such as Vancouver, Calgary and Edmonton and provinces such as British Columbia, Alberta, Saskatchewan and New Brunswick, rather than relying on national statistics.

The presence of weekly newspapers is also not an answer to the concentration issue because they usually only cover the suburbs of the large cities most affected by concentration and also many of them are owned by the same large media companies that own the dailies.

A reality is that while the news media provide a vital public service in a democracy, for the most part they are also private businesses with shareholders, debt loads and expectations of performance like all other companies. The obvious exception is the CBC. Those private companies are under the constant scrutiny of investment analysts. A news medium is often described as a "public trust in private hands," and that is not a bad way to sum up the situation. Managers of media companies must balance the quality of information they provide to the public against the demands for improved earnings per

share and other business imperatives. In the short run, these are often in conflict.

In the past, Canada has often relied on public-spirited owners who were willing to put their public trust responsibilities ahead of business imperatives. For several decades, the two major companies in Canada were Southam and Thomson. I worked for both and they exemplified very different approaches to balancing public trust and business demands of newspapers. Southam was controlled by a public-spirited family that was willing to sacrifice profits in order to serve the information needs of communities. Thomson, however, did not spend a nickel more than necessary on content. The exception was *The Globe and Mail*, which was run separately and with more generous editorial budgets in the years that Thomson owned it.

The Southam newspapers generally supplied good journalism while, because of inadequate resources, the small Thomson newspapers generally did not. Ironically, the relatively low profitability of the Southam papers made the company vulnerable to a takeover once the Southam family lost control of the majority of the shares.

Another reality is that in our system, the freedom of expression that is protected in our Constitution ultimately belongs to the owners of the news media, not to editors or other journalists. Owners have the right to control the news and editorial content of their media outlets, if they choose. In the early days of journalism, this was the rule, since there were often several newspapers in a community and each was used to promote the interests, political views and often the career of the owner. Readers often had to read more than one paper to get both sides of an issue. As newspapers evolved and many went out business, the remaining papers generally became more professional and objective. They tried to present balanced coverage of the news, and opinion was restricted to the editorial page. Control of content was likely to be delegated to publishers, editors and their journalists.

Over the long haul, cancelled subscriptions and changed channels can be powerful tools in promoting better journalism.

In recent years, the use of media to promote the views of the owners has made a come back, notably since CanWest became a newspaper proprietor. The principals of the company have been quite open about their desire

to use their newspapers to promote their interests and views. Staffs of the newspapers have learned which issues are sensitive and when to censor themselves. For example, you are unlikely to find much that is favourable about the CBC or about Palestinians in CanWest newspapers. Managers of the papers have learned that Canadian broadcasting and the conflict in the Middle East are highly sensitive matters with the proprietors. Some readers of CanWest newspapers have complained that they do not get balanced coverage of these and a few other issues. In spite of this, owners undoubtedly have the constitutional right to control content if they so choose.

What can be done? As I have said, I believe that any attempt to control editorial content directly would be unwise and probably illegal under our *Charter of Rights and Freedoms*. As frustrating as this may be for some who would like to improve the media, content issues must be worked out between proprietors and their customers. Readers and viewers must be more demanding of the news media and make their views known when they believe they are not receiving quality journalism or balanced coverage.

There are structural changes, however, that could promote greater diversity in news and opinion. This would involve limiting the number of media outlets that any one proprietor could own. This can best be done by banning the cross-ownership of broadcasting and newspapers that has impeded the flow of information in several Canadian cities and provinces.

For several decades, ownership of broadcasting and print in the same city was discouraged. In 1982, this became formal government policy, and a directive was sent to the CRTC. In 1985, however, this policy was reversed shortly after an election and a new government took power. The reasons for the reversal have not been made clear.

The most important public policy change that could be made to improve the state of Canada's news media would be to recognize that the 1982 policy was the correct one. Ownership of both broadcasting and newspapers in the same city gives an owner too much control over the flow of news and opinion. Banning of cross-ownership would create greater diversity in sources of news and opinion in many Canadian cities. Tom Kent suggested a ban on cross-ownership in a thoughtful article in *Policy Options* last fall, and I support his conclusions.

Media owners may tell you that they must own different media in order to meet the needs of advertisers and to compete against much larger foreign media companies. Both of these rationales are highly questionable. Media buyers and advertising agencies are already very skilled at arranging multimedia advertising packages involving

different companies. Common ownership adds little value to this. There is little direct competition between Canadian media companies and their foreign counterparts. Few foreign newspapers are sold in Canada and while Canadians watch a lot of foreign — particularly U.S. — television, Canadian media companies control virtually all of the advertising revenue directed at the Canadian market. Canadian magazines, of course, do compete intensively with foreign magazines, but ownership of broadcasting outlets by a magazine company would be of little or no help.

In fact, the entire business rationale for cross-ownership and convergence of media is shaky. Companies that have invested heavily in convergence by buying other media have generally seen significant declines in their share prices. Investors appear to be questioning the value of the purchases and the debts that have been taken on to finance them. You should question claims that under convergence news media are stronger because they can support each other. The truth is that, in many cases, the debts of parent companies have resulted in severe cost cutting and made Canada's news media weaker, not stronger.

A ban on cross-ownership would also enforce the vital independence of print media from government. Broadcasters require licences from government in order to operate their businesses. A broadcast licence is an extremely valuable asset for a company and this may give the company a powerful interest in remaining on good terms with the government. This has the potential to affect the objectivity of journalism. Broadcast journalists, of course, have no choice but to operate in this environment but there is a public interest in not having print journalists compromised by the ties of their owners to government.

In this sense, a ban on cross-ownership would extend the ethical standards that good governments impose on their employees to the level of ownership. *The Globe and Mail*, for example, would not permit one of its reporters to accept a free airline ticket from government in order to cover a story because of concern that this might influence content. However, BCE, the owner of *The Globe and Mail*, receives a broadcast licence from the government to operate the CTV network, which enables the company to make millions of dollars in profits each year. Owners should be subject to the same ethical standards as they impose on their employees; they should accept no benefits. Removing broadcast licences from newspaper owners with a ban on cross-ownership would achieve this, and several thousand Canadian journalists would become free of their owner's ties to government through broadcasting licences.

Because media companies have made substantial investments in cross-ownership and convergence strategies however, they should be given reasonable time to adapt to the change. Legislation should be passed that would give media owners until the end of their current broadcasting licences to be in compliance with a ban on cross-ownership. In most cases, this would be about five years. BCE, CanWest and Québecor would have to decide whether they wanted to be in the newspaper business or the broadcasting business and sell assets to bring themselves into compliance. In the meantime, awareness that cross-ownership is coming to an end would halt the convergence activities that are now limiting diversity of coverage. Mediums that will be sold must be operationally separate.

You may also look at the issue of an effective ban on foreign ownership of Canadian media. While it might be

tempting to permit foreign ownership of Canada's media to promote diversity of proprietors, I think this would be a mistake. Foreign ownership would almost certainly mean ownership by large U.S. media companies. I know from experience in working with them that there is often little recognition that Canadian information needs and viewpoints may be different. When Canadian and U.S. opinions on policies diverge, as they did recently over the invasion of Iraq, it could be unwise to have control of Canadian news outlets in U.S. hands. Canadian-owned news media remain an important tool to promote our national identity.

Abraham Lincoln once said, "Let the people know the facts, and the country will be safe." I hope you will be able to make sure that nothing, including media ownership, gets in the way of Canadians knowing the facts so that our country can continue to be safe.