Greatly Exaggerated

in Canada

Marc Edge, Ph.D.
Associate Professor
Department of Media and Communications
University of Malta
mail@marcedge.com

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Abstract

The newspaper industry in Canada is portrayed as being in "crisis" by research which has exaggerated its financial decline and apparently inflated the extent of publication closures. Publishers have been campaigning for government assistance since the Internet has taken most of their advertising revenues. The two largest newspaper chains are under investigation by the federal Competition Bureau on possible criminal charges of conspiracy and monopoly after trading 41 newspapers between them and closing 37 of them. The country's largest chain is 98 percent owned by U.S. hedge funds and must send much of its dwindling profits south to pay the interest on the company's massive debt, most of which the vulture capitalists also hold. Parliamentary hearings on local media recommended government assistance in 2017, after which the newspaper industry bid for a billion-dollar bailout, which was quickly rejected. Over the ensuing year, however, pressure grew on Ottawa to assist the country's news media financially. Dire warnings have been issued from industry and researchers of the consequences to the country's news media of government inaction. Inflated estimates were given of the number of newspapers that have already perished. Finally, Ottawa announced in late 2018 a $595 million package of tax credits and other subsidies. Yet the chains are still comfortably profitable, with operating margins of about 10 percent return on revenue. Most of the newspaper closures have resulted from questionable and possibly criminal dealings between their owners that have reduced or eliminated competition. This paper examines the "crisis" in the Canadian newspaper industry and compares the dire warnings of impending doom and the inflated estimates of newspaper closures with publicly available data. It concludes that a campaign for government assistance has been conducted by or on behalf of newspaper chains. Insights into this campaign of disinformation have potentially important public policy implications for the proposed $595 million program of federal government assistance.

Keywords: newspapers, mass media in Canada, media economics

The late U.S. media scholar Ben Bagdikian saw a long-running disinformation campaign he called the "myth of newspaper poverty" obscuring what was instead their considerable profitability. "American publishers have always felt obligated to pretend that they are an auxiliary of the Little Sisters of the Poor," he wrote in a 1973 article for the *Columbia Journalism Review*. "This was always amusing, but now that so many papers are owned by publicly traded companies which have to disclose their finances it is taking on the air of slapstick." Publicly, noted Bagdikian, publishers complained about rising costs. "Privately most have had a different kind of problem: how to get rid of profits."

> In an almost unprecedented move for newspapers, the Harris papers in Kansas, Iowa, and California actually reduced advertising rates, though their circulation trends didn't force them to; otherwise their profits would have been beyond [anti-inflation] limits designated by the Government.[1]

A recession in the early 1970s, he noted, prompted publishers to complain of financial hardship in order to justify cutbacks in hiring. "This is mostly hogwash," claimed Bagdikian. "American daily newspapers are one of the most profitable of all major industries in the United States. And they were during the 1970-71-72 'Great Recession.'" Data on newspaper profits were hard to come by, noted Bagdikian, because "of all industries, newspaper publishing is the most obsessed by financial secrecy." Increased ownership of newspapers by publicly-traded companies, however, had opened a window into the hitherto secretive world of newspaper finances. A typical metropolitan daily with a circulation of 250,000 was very profitable, noted Bagdikian, even in the depths of a

[1] Ben H. Bagdikian, "The myth of newspaper poverty," *Columbia Journalism Review*, March/April 1973, 20.

recession. “In 1970 such papers showed a pre-tax profit of 23.5 per cent. In 1971 it was 23.2 per cent. The 1972 figures had not been completed at this writing, but authorities agree that 1972 will be better than 1971.”[2]

The poverty myth was used to best advantage by publishers, noted Bagdikian, in campaigning for passage of the Newspaper Preservation Act of 1970, which exempted partnerships between formerly competing dailies from anti-trust laws on the basis that newspapers were a “natural monopoly.” Local newspaper competition was in the midst of an historic extinction, but the survivors would prove more profitable than ever, especially the government-sanctioned duopolies, which had the added benefit of helping to keep any new competitors out. Far from being unprofitable, according to Bagdikian, newspaper owners instead faced the problem of what to do with their overflowing coffers. Reinvesting as much as possible in acquisitions became the preferred method of dealing with excess profits, which according to Bagdikian was “fueling an already frantic race to acquire communications properties.”

> Some independent publishers no longer attend the annual ANPA [American Newspaper Publishers Association] meeting because they must spend all their time resisting the embraces of the big chain paper-buyers. One small publisher said he felt “like a virgin stumbling into a stag party.”[3]

Bagdikian’s suspicions had been aroused a few years earlier after a Senate committee in Canada forced media companies to open their books. The three-volume report of the Senate Sub-committee on Mass Media described what it found as “astonishing.” Media owners were making enormous profits. From 1958 to 1967, before-tax profits at

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2 Ibid., 21.

3 Ibid., 23.

Canadian newspapers ranged from 23.4 percent to 30.5 percent. After taxes, they were 12.3-17.5 percent, compared to 9.2-10.4 percent in other manufacturing and retailing industries. "Owning a newspaper, in other words, can be almost twice as profitable as owning a paper-box factory or a department store," observed the report.[4] The secrecy surrounding their financial success, the Senate committee declared, was delicious in its hypocrisy. "An industry that is supposed to abhor secrets is sitting on one of the best-kept, least-discussed secrets, one of the hottest *scoops*, in the entire field of Canadian business – their own balance sheets."[5] Pointing out that chain ownership of Canada's daily newspapers had grown to 45 percent in 1970 from 25 percent in 1958, the Senate report urged government action to stem the rising tide of newspaper ownership concentration, but none was taken.

Bagdikian's landmark 1983 book *The Media Monopoly* exposed what he called the "best kept secret in American newspapering" – its profitability. [6] The growth of newspaper chains, Bagdikian pointed out, had led to the industry being dominated by only 14 companies. Newspaper chains, broadcasting networks, and other media conglomerates were buying up media outlets at a rapid rate because of the industry's peculiar economics, which created an almost irresistible urge to merge. By then, the situation was even more dire in Canada, where only three companies published 58 percent of all English-language dailies. The closure in 1980 of the long-publishing *Ottawa Journal* and *Winnipeg Tribune* by competing chains, which gave each one another lucrative local monopoly, prompted a

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[4] Canada, *The uncertain mirror: Report of the Special Senate Committee on Mass Media*, Vol. I. (Ottawa: Information Canada), 1970, 47.

[5] Ibid., 63.

[6] Ben Bagdikian, *The Media Monopoly*. Boston: Beacon Press, 1983, 11.

Royal Commission on Newspapers which recommended limits on how chain ownership. None were enacted, however, and by 1999 Canada came to have one of the highest levels of press ownership concentration in the world, with the top five chains owning 93.2 percent of the country's daily newspapers.[7]

From poverty myth to death myth

Fast forward 20 years and the poverty myth has become a death myth. The Canadian newspaper industry of 2019 is in apparent crisis. Publishers have been campaigning hard for government assistance after a disastrous ownership experiment at the millennium left the country's news media devastated. The two largest newspaper chains are under investigation by the federal Competition Bureau on possible criminal charges of conspiracy and monopoly after trading 41 newspapers between them in 2017 and immediately closing almost all of them. The country's largest chain is 98 percent owned by U.S. hedge funds and must send the majority of its dwindling profits south to pay the interest on the company's massive debt, most of which the vulture capitalists also hold. Postmedia Network publishes 15 of the country's 21 largest dailies after buying most of the second-largest chain in 2014. The takeover was approved by the Competition Bureau after Postmedia promised not to merge the duplicate dailies it thus owned in Calgary, Edmonton, Ottawa, and Vancouver, but it merged their newsrooms nonetheless in late 2015. A newly-elected Liberal government soon convened Parliamentary hearings on local media, which sat for sixteen months and recommended government assistance in mid-2017. The newspaper industry quickly bid for a billion-dollar bailout, which was just

[7] Canada, Standing Senate Committee on Transport and Communication. *Interim report on the Canadian news media*, 2004. Ottawa: Senate of Canada.

as quickly rejected. Over the ensuing year, however, pressure grew on Ottawa to assist the country's news media financially. Dire warnings were issued from industry and academics of the consequences to the country's news media of government inaction. Inflated estimates were given of the number of newspapers that have already perished. Finally, Ottawa announced in late 2018 a $595 million package of tax credits and other subsidies. Yet the chains are still comfortably profitable, with operating margins of about 10 percent return on revenue. Most of the newspaper closures have resulted from questionable and possibly criminal dealings between their owners that have reduced or eliminated competition.

One 2012 study found U.S. newspaper coverage of their supposed crisis exaggerated its scale with "over-amped drama," relied "too heavily on the views of newspaper publishers and too little on empirical data," thus "creating a false impression that the whole industry is 'dying,'"[8] The 2014 book *Greatly Exaggerated: The Myth of the Death of Newspapers*, which studied the finances of publicly-traded newspaper companies in the U.S. and Canada, found that all remained profitable from 2006 to 2013 despite an historic drop in advertising revenues. Most maintained double-digit profit margins throughout by cutting costs, with some as high as 20 percent. More than a dozen chains entered bankruptcy during the 2008-09 recession, it noted, but only as a result of high debt levels. Their profitable newspapers continued to publish under new ownership.[9] This paper examines the "crisis" in the Canadian newspaper industry and compares the dire warnings of

[8] H. Iris Chyi, Seth C. Lewis, & Nan Zheng, "A matter of life and death?" *Journalism Studies 13*(3), 2012, 305-324.

[9] Marc Edge, *Greatly Exaggerated: The Myth of the Death of Newspapers*. Vancouver: New Star Books, 2014.

impending doom and the inflated estimates of newspaper closures with publicly available data. It concludes that a campaign for government assistance has been conducted by or on behalf of newspaper chains. Insights into this campaign of disinformation have potentially important public policy implications for the proposed $595 million program of federal government assistance.

Newspaper ownership in Canada

News media in Canada were transformed at the millennium by cross-media ownership, which had been strongly warned against by the Royal Commission on Newspapers. A prohibition on joint newspaper-television ownership was thus briefly instituted, but it was allowed to lapse in the mid-1980s after a change in government from Liberal to Conservative.[10] This allowed "convergence," as cross-media ownership became known, to reshape Canada's media in 2000 after the AOL-Time Warner merger in the U.S. popularized the paradigm. By the end of that year, Canada's two largest privately-owned television networks had partnered with national newspaper owners, as had the largest privately-owned French-language network in Quebec. CTV was acquired by Bell Canada Enterprises, which then partnered with the *Globe and Mail* national newspaper to create a $4-billion multimedia enterprise initially known as Bell Globemedia. Canwest Global Communications, which owned Global Television, bought the country's largest newspaper chain, Southam Inc., for $3.2 billion. Quebecor, a printing and newspaper company that started in Quebec but had expanded nationwide with its 1998 purchase of the Sun Media chain of tabloid newspapers, then paid $5.4 billion for Quebec's largest cable company, Group Videotron, which owned the TVA network.

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[10] Allan Bartley, "The regulation of cross-media ownership: The life and short times of PCO 2294," *Canadian Journal of Communication 13*(2), 1988, 45-59.

The convergence paradigm ended in disaster within a decade, however, as Canwest went bankrupt due to its high debt load in 2009 while CTV and the *Globe and Mail* voluntarily dissolved their incompatible partnership. Canwest was de-converged when its newspaper chain and television network were sold off separately out of bankruptcy. The former Southam newspapers went to a consortium of Canwest debt holders, mostly of U.S. hedge funds, which became known as Postmedia. It then bought 175 of the 178 newspapers owned by the Sun Media chain from Quebecor for $314 million in 2014.

The campaign

A campaign for government financial assistance has been conducted by newspapers, mostly through their industry group News Media Canada, since Postmedia's purchase of Sun Media was approved in 2015. Dire warnings have been issued about the future of newspapers in Canada and inflated estimates have emerged of the number of publications that have perished. The campaign arguably originated in August 2015, when a "discussion" paper authored by Winnipeg media consultant Ken Goldstein provocatively predicted that by 2025 "there will be few, if any, printed daily newspapers" left in Canada. The paper did not disclose its genesis, purpose, or funding. The website of Goldstein's consulting firm Communic@tions Management Inc. states that "most of the company's work is proprietary for its clients." A former Canwest vice-president and chief strategy officer, Goldstein has since authored and posted online a series of papers predicting the demise of Canadian media and urging government assistance for it, such as "Requiem for the Print Edition" (2017) and "Supporting Canadian Journalism" (2019). His 2015 paper, "Canada's Digital Divides" took downward circulation trends and simply forecast them to continue until circulation fell to between 5-10 percent of households by 2025. "To the extent that the trend lines are realistic, we do not believe that a viable print business model exists for most general interest daily newspapers once paid circulation drops below 10% of Canadian households."[11] Despite apparently not being presented publicly, the paper attracted news coverage from the *National Post* in a report that was reprinted in 19 other Postmedia dailies.[12] The report was also covered in *Marketing* magazine and Poynter Online, the website of the Florida-based Poynter Institute, which is dedicated to journalism research and education.[13]

While the Standing Heritage Committee held hearings on Media and Local Communities, yet unconnected to them, a report was prepared for the Heritage Ministry by the Public Policy Forum, a "think tank" headed by former *Globe and Mail* editor Edward Greenspon. It was reportedly funded by $200,000 from the ministry and also received funding from several corporations. The report, titled The Shattered Mirror, claimed that Postmedia had lost $352 million in its most recent fiscal year. That was an accounting loss only on paper, however, achieved after deducting a $367 million "impairment" charge that reflected Postmedia's reduced value as a business, plus other extraordinary expenses. On an operating basis, Postmedia instead earned $82 million in 2015-16 on revenues of $877 million for a profit margin of 9.3 percent. Of that, however, $72 million went to servicing

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[11] Communications Management Inc., "Canada's Digital Divides," August 20, 2015, 6. URL: media-cmi.com/downloads/CMI_Discussion_Paper_Digital_Divides_082015.pdf

[12] Michael Den Tandt, "'No magic bullet' in saving news," *National Post*, September 22, 2015, p. A2.

[13] Rick Edmonds, "An expert's forecast -- Canada will have few if any print newspapers by 2025," Poynter Online, August 30, 2015 URL: https://www.poynter.org/reporting-editing/2015/an-experts-forecast-canada-will-have-few-if-any-print-newspapers-by-2025/; Chris Powell, "Publishers in a '10-year race' against time and technology says Winnipeg firm," Marketing, September 2, 2015. URL: http://marketingmag.ca/media/most-print-newspaper-brands-will-be-obsolete-by-2025-report-155696/

its debt, which was held mostly by its U.S. hedge fund owners, which had accumulated it for pennies on the dollar while Canwest was facing bankruptcy.

The Shattered Mirror pointed out that six Canadian dailies had been closed, merged or changed publication frequency in 2016. They included the *Guelph Mercury* and five small town dailies in B.C. and Alberta, only one of which was actually closed. Four of the five were owned by the B.C. chains Black Press and Glacier Media, which had been buying, selling, trading and closing community newspapers in a real-life game of Monopoly since 2010. In total, Black and Glacier had closed 19 of the 33 newspapers they exchanged. Of the seven paid circulation dailies that had been closed in Canada so far in the decade, six had been folded by Black or Glacier. As a result, Black Press owned all but one of the newspapers on Vancouver Island, which is the size and population of New Brunswick.[14]

The Shattered Mirror also included a map showing that 169 "news outlets" had closed or merged across Canada since 2008. It cited as its source the Local News Research Project, which had commenced the previous year at Ryerson University and used "crowdsourcing" as a methodology. Later in the report it was claimed there had been 225 weekly and 27 daily newspapers lost to closure or merger since 2010, but no source was offered for this claim. Going even further than Goldstein, The Shattered Mirror predicted that newspaper sales would fall to only two percent of households by 2025, down from

14 Marc Edge, "Conspiracy to commit murder? Canadian newspaper trades and closures, 2010-17." *Canadian Journal of Media Studies 16*(1), 2018. URL: http://cjms.fims.uwo.ca/issues/16-01/Edge.pdf

18 percent in 2015 and 49 percent in 1995. The report thanked Goldstein for being "particularly patient in helping us understand industry numbers."[15]

Carleton University media economist Dwayne Winseck criticized the report as "badly flawed," because he claimed it "cherry-picks evidence and gooses the numbers" to make its case. "The case that the authors of The Shattered Mirror make about the severity of the crisis of journalism is impressive at first blush," wrote Winseck on his blog. "Ultimately, however, it is neither convincing nor credible." Circulation trends for daily newspapers, according to Winseck, were "not the catastrophe that The Shattered Mirror makes them out to be." Sales per household, he noted, were increasingly less relevant as the number of households soared because people increasingly chose to live alone. Winseck's own analysis of newspaper circulation data showed the report exaggerated the decline of newspapers because it had "selectively chosen *a* measure that paints the *worst-case* scenario." (Emphasis in original.) The Shattered Mirror's claim that between 12,000 and 14,000 journalism jobs had been lost since the 1990s, noted Winseck, was also flawed because it relied on headlines and union data that "do a great job chronicling jobs lost but a poor one at keeping track of those gained." Statistics Canada data, he pointed out, "depicts a wholly different picture," showing that the number of full-time journalists in Canada actually increased from 10,000 in 1987 to 11,631 in 2015. "Once again consistent with a pattern, the authors ignore this data completely."[16]

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[15] Public Policy Forum, "The Shattered Mirror: News, Democracy and Trust in the Digital Age," January 2017, p. 103. URL: https://shatteredmirror.ca/download-report

[16] Dwayne Winseck, "Shattered Mirror, Stunted Vision and Squandered Opportunities," Mediamorphis, February 9, 2017. URL: https://dwmw.wordpress.com/2017/02/09/shattered-mirror-stunted-vision-and-a-squandered-opportunities/

Winseck saw in The Shattered Mirror a “willful refusal” to deal with media industry structures, which were “wholly ignored” in the report. “These examples are not innocent. They are part of a process of ‘threat inflation’ with the aim of buttressing the case for the policy recommendations on offer.” While exaggerating some threats, such as the online advertising dominance of digital giants Facebook and Google, the report downplayed one major problem, noted Winseck. “The Shattered Mirror also gives short shrift to the idea that media concentration and the structure of the communication and media industries might be a significant factor giving rise to the woes besetting the news media.” According to Winseck, it was “folly to willingly turn a blind eye to high levels of media concentration and the peculiar structure of the media industries in Canada” because they “have had devastating impacts.” He also pointed out that the country’s largest media companies were making profits about four times the average of other Canadian industries. “These observations are at odds with the story of doom and gloom [that] permeates The Shattered Mirror.” Winseck noted that the report’s refusal to engage with media concentration was not surprising given that many of those involved in producing the report “have not just sat back and taken arm chair academic views on these matters but have been leading cheerleaders for the processes of consolidation.” He declined to identify the “cheerleaders,” instead urging readers to do their own research. “The industrious reader need only consult the list of acknowledgements to sort out who is who and draw their own conclusions. Given all this, that media concentration wasn’t on the agenda is not surprising.”[17]

[17] Ibid.

Pre-meditated murder

Among the witnesses who testified in late 2016 to the Parliamentary hearings chaired by Dr. Hedy Fry on Media and Local Communities was Paul Godfrey, CEO of Postmedia Network. He warned the hearings that without government assistance the situation in Canada's newspaper industry would get "uglier." After Fry's report urged government assistance for news media, the industry group News Media Canada proposed increasing the Canadian Periodical Fund, which already distributed $75 million annually to assist community newspapers and magazines, by $275 million a year to also assist dailies. After that was quickly rejected by Ottawa, the promised ugliness followed in late 2017 when Postmedia and Torstar announced their trade and closures. Most of the 41 traded and 37 closed titles were small market community newspapers in Ontario, but they also included *24 Hours* commuter dailies in Winnipeg and Vancouver and *Metro* in Ottawa and Winnipeg, all of which were closed. Postmedia acquired 22 community papers and the two *Metro* dailies from Torstar and closed them all. Torstar acquired 15 community papers and the two *24 Hours* titles from Postmedia and closed all but four, including the paid dailies *Barrie Examiner*, *Orillia Packet and Times*, and *Northumberland Today* (Jackson, 2017). That brought the number of paid circulation dailies in Canada to 80 and the number of free circulation dailies to 10 (News Media Canada, 2018). When questions about the deal arose, Torstar president Andrew MacLeod claimed the companies had been "extraordinarily careful" not to share any knowledge about their plans for the properties, while Postmedia CEO Paul Godfrey told CBC television:

> We did not have any idea what they were going to do and they didn't have any idea. We understand the … legal rules involving collusion and you can ask anybody from Torstar, you can ask anybody from Postmedia.[18]

The Competition Bureau raided Postmedia and Torstar offices in early 2018, however, after documents submitted to the Ontario Superior Court reportedly detailed a written agreement called "Project Lebron." According to the documents, Postmedia and Torstar agreed not to compete for years in the markets they vacated and even on which workers, almost 300 in total, would be terminated. The investigation reportedly involved rare criminal provisions of the Competition Act that provide for penalties of up to $25 million in fines and fourteen years in prison for conspiracy to reduce competition.[19]

Torstar chairman John Honderich wrote a column in October 2018 that resembled nothing less than a ransom note. Under the headline "Where is Ottawa's help for Canada's newspapers?", it listed by name 25 defunct dailies and 112 closed community newspapers for a total of 137 titles that had ceased publication in the previous decade. Honderich posted the casualty list because he said he wanted to know where the financial assistance was that Ottawa had promised. "One or two exploratory talks have been held but there has yet to be even a request for proposals," he groused. "Maybe next year, we are told." Honderich's list of dead newspapers brazenly included more than a dozen titles Torstar itself had recently killed off after its 41-title swap with Postmedia, and almost two dozen more it sent back the other way to be closed. Another two dozen community newspapers on Honderich's list were B.C. titles similarly closed or merged by Black

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[18] David Milstead, "Torstar, Postmedia and the arrogance of the deal," *Globe and Mail*, March 23, 2018, p. B4.

[19] Susan Krashinsky Robertson, "Torstar, Postmedia talked job cuts before deal, Competition Bureau says." *Globe and Mail*, March 23, 2018, p. A1.

Press or Glacier Media after their deals. Honderich's list also included nine commuter tabloids, whose number had proliferated in the mid-2000s under the successful model pioneered worldwide by Swedish company Metro International. The model had been in retreat everywhere, however, since the bursting of the print advertising bubble at the 2008-09 recession typically left room for only one in each market.

The Local News Research Project issued a report in 2019 which brought its count of dead Canadian newspapers to 231 since 2008. "The Local News Map, a crowd-sourced platform that tracks changes to local news outlets across the country, documented the closing of 36 local free and subscription daily newspapers and 195 community papers over the past decade," noted the report.[20] The map was posted on the project's website, where visitors could report the launch or closure of local news media outlets.[21] A 2018 report on the mounting total, which by then had topped 250, including 189 community newspapers, noted that new publications were being created, but not at nearly the rate they were being closed.

> Only 93 new outlets have opened to fill the gaps left by these closures. A majority of the new outlets were created by independent media owners, not well-known chains, and they opened in 69 different communities, compared to 190 communities that have had closures.[22]

[20] April Lindgren, Brent Jolly, Cara Sabatini and Christina Wong, "Good news, bad news: A snapshot of conditions at small-market newspapers in Canada," May 1, 2019. URL: http://portal.journalism.ryerson.ca/goodnewsbadnews/

[21] Ilina Ghosh, "Crowd-sourced map tracks what's happening to local news outlets across Canada." J-Source.ca, June 14, 2016. URL: http://www.j-source.ca/article/crowd-sourced-map-tracks-what%E2%80%99s-happening-local-news-outlets-across-canada

[22] H.G. Watson, "Over 250 Canadian news media outlets have closed in the last 10 years." J-Source.ca, October 4, 2018, URL: http://j-source.ca/article/over-250-canadian-news-media-outlets-have-closed-in-the-last-ten-years/

Goosing the numbers?

Contradicting the elevated estimates of newspaper mortality in Canada is the annual count kept by a pair of industry groups which merged in 2017. The Canadian Community Newspaper Association, which merged with Newspapers Canada to form News Media Canada, has inventoried community newspapers since 2011, before which it counted only its member titles. It annual listings showed there were only 10 fewer titles in 2017 than in 2011. The total fluctuated considerably in between, however, as community newspapers tend to launch as well as close. Total circulation in 2017 was 97.5 percent of the 2011 total, according to its count.

Table 1
Community newspapers in Canada

	Titles	Circulation (weekly)
2017	1,032	18,802,329
2016	1,060	19,454,115
2015	1,083	20,973,352
2014	1,040	20,577,994
2013	1,019	19,612,930
2012	1,029	19,736,168
2011	1,042	19,312,842

Source: Canadian Community Newspaper Association/News Media Canada

The number of daily newspapers in Canada fell much more as a percentage of the total, but by far the greatest mortality has been in free circulation dailies, the number of which fell by almost half from 2008-11 and by more than half again from 2012-13.

Table 2
Daily newspapers in Canada

	Paid	Free	Total
2018	80	10	90
2017	86	13	99
2016	84	14	98
2015	90	13	103
2014	92	13	105

2013	94	19	113
2012	96	29	125
2011	96	27	123
2010	94	36	130
2009	96	36	132
2008	98	47	145

Source: Newspapers Canada/News Media Canada

Contradicting predictions of impending newspaper mortality, if not extinction, are the financial reports of their owning companies, which show them to be comfortably profitable on an operating basis. Postmedia has been burdened with considerable debt, but most of this is held by its hedge fund owners, which recently forgave almost half of it to keep the company from going bankrupt. They exchanged the debt for additional shares of ownership, which brought their equity position to 98 percent despite supposed foreign ownership limits of 25 percent. From $72 million in its 2015-16 fiscal year, the company's debt payments have fallen to more manageable totals of $32.7 million and $25.7 million in the last two years as its loans have been paid off and/or forgiven.

Table 3
Postmedia earnings

	Revenues (millions)	Earnings (millions)	Profit margin%
2018	676	65.4	9.7
2017	754	54.6	7.2
2016	877	82.3	9.4
2015	750	111.4	14.8
2014	674	109.5	16.2

*fiscal year ending August 31

Torstar, the publisher of Canada's largest daily newspaper, the *Toronto Star*, also owns one of the country's largest community newspaper chains, Metroland Media Group Ltd., and a handful of other daily newspapers, including the *Hamilton Spectator*. Until 2014, it also owned the highly profitable Harlequin book publishing company, which lessens the value of comparison with previous years.

Table 4
Torstar earnings

	Revenues (millions)	Earnings (millions)	Profit margin%
2018	615	60.7	9.8
2017	691	74.2	10.7
2016	762	60.5	7.9
2015	843	66.8	7.9

The most recent annual profit margins of Postmedia and Torstar are about double the historical Fortune 500 average. Like all newspaper companies, their revenues and earnings have been steadily falling as print advertising disappears, but a sufficient core remains to sustain a smaller business, and online subscription revenues have been rising to help make up for the lost ads. They have had to reduce costs drastically, mostly by laying off journalists, which has undeniably diminished news coverage.

Conclusions

Recourse to publicly available facts posted online shows the “crisis” in the Canadian newspaper industry is not as severe as has been portrayed. The crisis in journalism, on the other hand, while less quantifiable, is arguably more serious because the main way newspapers have kept their heads above water financially has been to lay off journalists. The practice of journalism in Canada may well warrant government assistance, especially as emerging digital media outlets struggle to find a viable business model. Whether newspapers chains, some of which are foreign owned, should be given government money is more questionable, especially since several are suspected of, and may even be charged with, collusion to reduce competition.