Greatly Exaggerated in Canada: Diverging Data and Media Bailouts

Marc Edge
Independent Scholar

ABSTRACT

Background: The Canadian government allocated $595 million in subsidies over five years to news media in 2019, but the bailout was based on questionable data. Financial losses were exaggerated; a think tank report was criticized for using data selectively; data from a university research project differed sharply from annual industry counts; and job loss figures were disputed.

Analysis: Hard data can diverge markedly from soft data accepted in pursuit of policy outcomes.

Conclusions and implications: A second campaign under way on behalf of entertainment industries could yield a bailout several times larger than the first. Closer scrutiny should be exercised of media narratives and offered data. An independent media research centre should collect and verify data for policy purposes.

Keywords: Mass media; Media economics; Media policy

RÉSUMÉ

Contexte : En 2019, le gouvernement canadien a octroyé aux médias d'information 595 millions de dollars en subventions étalées sur cinq ans, un montant évalué à partir de données douteuses. En effet, on a surestimé les pertes financières dans le milieu; le rapport influent d'un groupe de réflexion se fondait sur des données sélectionnées pour les besoins de la cause; les données provenant d'un projet de recherche universitaire différaient beaucoup de celles fournies annuellement par l'industrie; et on a exagéré les pertes d'emploi.

Analyse : Les données dures peuvent différer énormément des données molles acceptées dans le but d'atteindre certains objectifs politiques.

Conclusion et implications : Une seconde campagne menée pour aider les industries du divertissement pourrait bénéficier de subventions encore plus généreuses que les premières. Avant de procéder, il serait judicieux d'examiner de près les narratifs des médias et les données proposées. À cet égard, on devrait créer un centre indépendant pour la recherche sur les médias qui pourrait lui-même recueillir et vérifier les données utilisées pour formuler des politiques.

Mots clés : Médias de masse; Économie des médias; Politiques médiatiques

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M. Edge. Greatly Exaggerated in Canada: Diverging Data and Media Bailouts. ©2021 *Canadian Journal of Communication 46*(3), 613–628. doi:10.22230/cjc.2021v46n3a4001

Introduction

Increased consolidation of Canadian news media in 2016 brought renewed calls for ownership reform, but a campaign by industry stakeholders—including publishers, unions, consultants, and lobby groups—instead resulted in a $595 million federal bailout announced in 2018. The campaign was based in large part, however, on data that bore little resemblance to statistics kept by government agencies, financial reports filed with stock market regulators, and even the annual newspaper count conducted by the publishers' own industry association, which mysteriously ceased for a year. Some data offered by the Public Policy Forum (PPF) think tank seemed to have been conjured out of thin air. Other data were gathered by academics using questionable research methods and diverged markedly from industry statistics. Individual datasets—circulation, financial, and employment—have been challenged separately by scholars. This article seeks to consolidate available data in order to test claims of yet another "crisis" in Canadian media. It takes a political economy approach to critically examine the use of data in persuading the federal government to ignore any need for ownership reform and instead provide financial assistance to news media outlets, a large proportion of which are foreign-owned. It utilizes financial analysis placed in historical and institutional context, in addition to the simple comparison of data sets. It finds considerable discrepancies between the data used to promote government assistance to media and more regularly collected data.

Literature review

Newspaper publishers have a long history of misrepresenting their fortunes in order to gain regulatory advantage. Ben Bagdikian (1973) first identified what he called the "myth of newspaper poverty" (p. 19) from his inside knowledge as a former senior editor at the *Washington Post.* "American publishers have always felt obligated to pretend that they are an auxiliary of the Little Sisters of the Poor," Bagdikian (1973) quipped. "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" (p. 20). Newspaper chains grew in the sixties by raising capital on stock markets, but selling shares to the public required them to regularly report their earnings. Those willing to comb through the quarterly and annual reports, noted Bagdikian (1973), found that a typical metropolitan daily made a profit of 23.5 percent in 1970 and 23.2 percent in 1971, even during a recession. Bagdikian (1983) expanded on his thesis in his classic book *The Media Monopoly*, in which he described profitability as the "best kept secret in American newspapering" (p. 11). Publishers relied on the poverty myth, he noted, in successfully lobbying for an anti-trust exemption in the 1970 *Newspaper Preservation Act*, which legalized local duopolies (Bagdikian, 1983).

Bagdikian's suspicions had been aroused a few years earlier when a senate committee in Canada (1970) forced media companies to open their books and described what it discovered as "astonishing" (p. 47). Canadian newspapers, the senators found, made profits ranging from 23–30 percent, which was "almost twice as profitable as owning a paper-box factory or a department store" (Canada, 1970, p. 47). Their report noted the irony. "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" (Canada, 1970, p. 63). Hugh Martin (1998) similarly examined the financial statements of publicly traded U.S. newspaper companies from 1984–1994 and found they averaged 15–17 percent profit margins prior to the recession of the early nineties before dropping for a few years and then recovering to their previous levels. Despite the recession, he noted, all but one company earned profit margins greater than 9 percent. Martin (1998) noted that newspaper companies "earned excess profits throughout most of the study period. … Critics who accuse newspapers of protesting too much about their financial situation may have a point" (p. 512). A 2012 study found that U.S. newspaper coverage of their own industry during the 2008–2009 recession exaggerated the scale of any crisis and 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'" (Chyi, Lewis, & Zheng, 2012, p. 316). The study found that coverage contained "over-amped drama" and even "tabloidization," with more than a quarter of stories containing death imagery. "Newspaper journalists often fail to contextualize their reports with a comprehensive understanding of the economics of their industry" (Chyi, Lewis, & Zheng, 2012, p. 316).

The recession of 2008–2009 also brought claims of a crisis in Canadian media, but critical scholars pointed to data that showed otherwise. CTVglobemedia, the short-lived "convergence" partnership between the CTV network and the *Globe and Mail* national newspaper, cut jobs and threatened to close stations, claiming it had lost $100 million the previous year. Kelly Toughill (2009), however, uncovered financial statements that showed the privately owned company instead made a profit margin of 9.7 percent in 2008. Dwayne Winseck (2010) examined financial statements of the country's eight largest media companies from 1995–2009 and found all remained profitable. Economic data, he added, showed that the media economy in Canada was actually expanding. Marc Edge (2011) analyzed the annual reports of several major Canadian media companies from 2006–2009 and found that they recorded profit margins of 16–33 percent. Edge (2014) studied the financial statements of all sixteen publicly traded newspaper companies in Canada and the U.S. from 2006–2013 and found that none suffered an annual loss on an operating basis, despite an historic drop in their revenues. Most recorded double-digit profit margins throughout, or more than twice the historical average for Fortune 500 companies of 4.7 percent (Tully, 2010). Some approached 20 percent despite revenue drops of about a third in the U.S. and a quarter in Canada. While newspapers were no longer as lucrative as they once were, they proved able to cut costs almost as rapidly as their revenues fell and were thus unlikely to go out of business (Edge, 2014). The public perception was that newspapers were dying, however, because more than a dozen chains went into bankruptcy and some declared annual losses in the hundreds of millions of dollars. Ironically, however, the chains that went bankrupt were among the most profitable but had simply taken on unsustainable levels of debt in order to make acquisitions. They were usually reorganized under new ownership by their debt holders, but all continued publishing. The enormous losses that some newspaper companies reported were only on paper, as accounting rules allowed them to deduct the reduced value of their businesses from their annual earnings as a "write-down" on asset value (Edge, 2014).

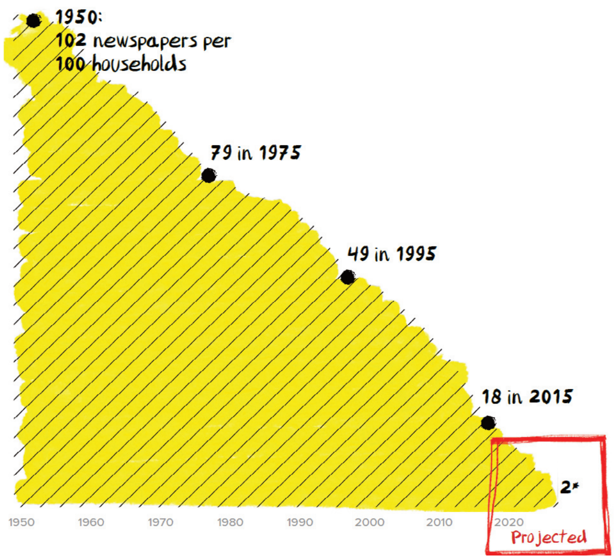
A recurring crisis

Following the recession of 2008–2009, Canada's largest newspaper chain was acquired out of bankruptcy by a consortium of U.S. hedge funds in 2010. Canwest Global Communications had been comfortably profitable, with profit margins in the teens, but a drop in its earnings left it unable to service the large debt it took on in acquiring the former Southam newspaper chain. The hedge funds bought up high-interest Canwest debt at deep discounts on the bond market and used some of it to buy the newspapers at auction during bankruptcy proceedings. They skirted Canada's 25-percent limit on foreign ownership of newspapers by holding variable-voting shares that nominally limited their control of a new publicly traded company they called Postmedia Network. The hedge funds made money not from the company's earnings, which were too low to pay dividends, but from payments on its debt, the remainder of which they kept on the company's books strategically as an income source. When Postmedia earnings fell in 2016 to a point where they threatened to no longer cover its debt payments, the hedge funds simply forgave about half of the debt they held in exchange for more shares in the company, which brought their ownership of Postmedia to an estimated 92 percent (Edge, 2016).

The Canadian newspaper "crisis" of 2016–2018, which brought federal hearings, duelling reports, and finally a government bailout, came after Postmedia controversially acquired Canada's second-largest chain, then pleaded poverty in consolidating their newsrooms. Postmedia bought 175 of the 178 newspapers owned by Quebecor in 2014, which comprised the bulk of the Sun Media chain. Despite promising not to reduce competition in four of Canada's six largest cities where it thus owned both dailies, Postmedia merged their newsrooms in early 2016 after receiving regulatory approval for its takeover. Parliamentary hearings on media and local communities ensued and sat for more than a year before issuing a report in mid-2017. Postmedia CEO Paul Godfrey testified that the situation in Canada's newspaper industry would get "uglier" if government financial assistance was not provided, predicting: "Within three years, there'll be many more closures" (Canada, House of Commons, 2016, para. 169).

Even as the parliamentary hearings sat, the PPF (2017) released a report in early 2017 titled *The Shattered Mirror* that portrayed a severe crisis in Canadian news media. Some scholars, however, cast doubt on its findings. Edge (2017) pointed out that the report was silent on the problem of foreign ownership and also promoted what he called "the Big Lie that has surrounded newspapers for years — that they are losing money and thus dying" (para. 1). He noted the report's claim that Postmedia had lost $352 million in its latest fiscal year and pointed out that the figure represented only an accounting loss on paper after an asset write-down of $267 million and other extraordinary expenses (Edge, 2017). On an operating basis, Postmedia instead made a profit that year of $82 million, of which $72 million went toward payments on its debt. Most questionable of all, according to Edge (2017), was the report's prediction that newspaper sales would fall to only two per 100 households by 2025, down from 18 in 2015. *The Shattered Mirror* included a graph (Figure 1) that simply showed the ongoing downward trend continuing unabated.

Figure 1: Newspapers sold per 100 households in Canada



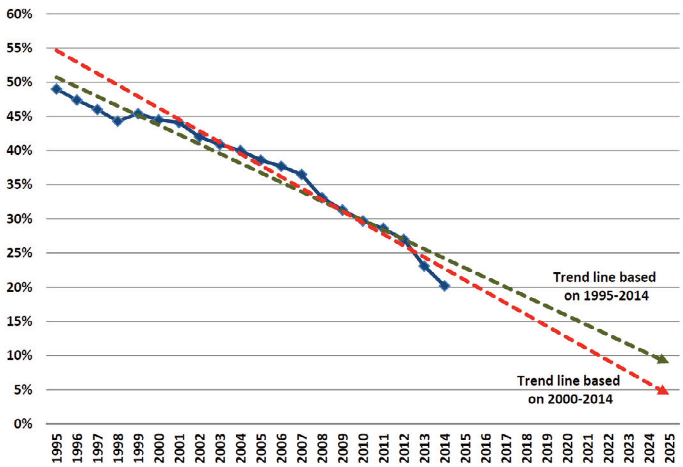
Source: Public Policy Forum (2017, p. 15)

Winseck (2017, para. 5) called *The Shattered Mirror* "badly flawed" and accused it of cherry-picking data and "goosing the numbers" (para. 29) to exaggerate the plight of newspapers. Circulation trends, he concluded, were "not the catastrophe that *The Shattered Mirror* makes them out to be" (Winseck, 2017, para. 31). Its graph that predicted newspaper sales would fall to only two per 100 households by 2025 was misleading, he added, given an increase in single-member households. Sales per household were increasingly less relevant a result, Winseck (2017) noted, meaning the report had "selectively chosen a measure that paints the worst-case scenario" (para. 34). Winseck (2017), who closely tracked media industries through the Canadian Media Concentration Research Project he directed at Carleton University, found a tendency in *The Shattered Mirror* to "selectively invoke a small part of the picture to fill in a portrait of catastrophe of a larger kind. … The report is chock-a-block full of such examples, which lends to the impression that the report's authors are goosing the numbers" (para. 29).

The report's claim that between 12,000 and 14,000 journalism jobs had been lost since the nineties, Winseck (2017) added, 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" (para. 56). Statistics Canada data depicted "a wholly different picture," he noted, showing that the number of full-time journalists in Canada increased from 10,000 in 1987 to 11,631 in 2015. "Once again consistent with a pattern, the authors ignore this data completely" (Winseck, 2017, para. 56). He saw in *The Shattered Mirror* a "willful refusal" to deal with media industry structures, which were "wholly ignored" in the report (Winseck, 2017, para 30). "These examples are not innocent," Winseck (2017, para. 31) added. "They are part of a process of 'threat inflation' with the aim of buttressing the case for the policy recommendations on offer." The report's refusal to engage with media ownership concentration was not surprising, Winseck (2017) noted, 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" (para. 105). He declined to identify the "cheerleaders," and urged 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" (para. 105).

The Shattered Mirror lists in its acknowledgements section hundreds of people who provided input to the report, including a quartet of communications scholars, none of whom was known for being critical of media ownership concentration (Edge, 2017). Among the dozens of media consultants it listed, Ken Goldstein of Winnipeg's Communic@tions Management Inc. was singled out as having been "particularly patient in helping us understand industry numbers" (Public Policy Forum, 2017, p. 79). A former vice president of Canwest Global Communications who transitioned to work as a media consultant, Goldstein warned in a 2015 "discussion" paper posted on his firm's website that "there will be few, if any, printed daily newspapers" (p. 6) left in Canada by 2025. The paper, which did not disclose its genesis, purpose, or funding, simply extended circulation trends downward in a graph similar to that in *The Shattered Mirror* and forecast that newspaper penetration would fall below 10 percent of households by 2025 (see Figure 2). "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 percent" (Goldstein, 2015, p. 6).

Figure 2: Canadian daily newspaper paid circulation as % of households



Source: Goldstein (2015, p. 6)

In a 2017 paper titled "Requiem for the Print Edition," Goldstein revised his projection for newspaper circulation and longevity downward and included a graph that was almost identical to the one that had appeared earlier that year in *The Shattered Mirror.* "The race against time and technology is no longer 10 years," he predicted. "It is closer to five" (Goldstein, 2017, p. 6).

Local news map

The Shattered Mirror seemed to conjure data out of thin air, at one point stating unattributed: "Since 2010, there have been 225 weekly and 27 daily newspapers lost to closure or merger in more than 210 federal ridings" (Public Policy Forum, 2017, p. 79). It also presented data from the Local News Map, a research project commenced the previous year at Ryerson University's School of Journalism. It claimed to show that 169 vaguely categorized "news outlets" had closed in Canada since 2008, with 53 opened (Public Policy Forum, 2017). The data were gathered by the Local News Research Project (LNRP) using a "crowdsourced" online map on which members of the public could post data. The LNRP was headed by April Lindgren, the Velma Rogers Research Chair at Ryerson, who was a former newspaper reporter but did not hold a graduate degree. She also made a presentation to the standing Heritage Ministry committee studying media and local communities, as noted in its report.

> When Ms. Lindgren presented her data to the Committee in October 2016, there were 307 entries on the map highlighting changes with regards to local news outlets dating back to 2008. Of those 307 entries, 164 documented the closure of local news outlets in 132 different communities across the country. By comparison, there were only 63 entries

> highlighting the launch of a new local news source. (Canada, House of Commons, 2017, p. 14)

The LNRP issued a report in 2018 that was more specific, counting 189 community newspapers closed and 93 opened (Watson, 2018). A 2019 LNRP report increased the total to 195 community papers closed over the previous decade (Lindgren, Jolly, Sabatini, & Wong, 2019). By its own account, the LNRP was influential in the news media bailout. A 2020 study it conducted found 92 mentions of its data in Canadian news media reports before the bailout was announced in 2018, plus another 71 over the following year while it was being finalized. "At a time when funders are increasingly demanding evidence that research dollars are well spent … map data were incorporated into news and social media content that helped push the news industry's problems onto the government's policy-making agenda" (Lindgren et al., 2020, p. 758). Studies of crowdsourcing, however, have found it may yield relatively low-quality results due to the openness of data collection, and that some malicious respondents may intentionally give wrong answers (Garcia-Molina, et al., 2016; Zhengy, Li, Li, Shany, & Chengy, 2017). Reliability might also be an issue for a study commenced in 2016 that asked respondents to provide data dating back to 2008.

Government bailout

The Heritage Ministry report on local news issued in mid-2017 recommended changes to the *Competition Act* to more effectively prevent news media mergers and takeovers. It also called for government assistance to news media, but it left vague what process should be used to subsidize journalism, urging only that the government "explore the existing structures to create a new funding model that is platform agnostic and would support Canadian journalistic content" (Canada, House of Commons, 2017, p. 7). Within hours, however, the newspaper industry weighed in with a proposal that was hardly platform agnostic. Industry association News Media Canada (NMC) proposed simply extending to daily newspapers disbursements from the Canadian Periodical Fund (CPF), which already provided $75 million a year in subsidies to magazines and weekly newspapers, and boosting it to $350 million a year. The NMC proposal called for a labour tax credit of 35 percent of the salary of every journalist employed, to a maximum salary of $85,000. A draft copy of the proposal obtained by the author carried the logo of the PPF alongside that of NMC, but the PPF logo did not appear on the final version.

The proposal was quickly rejected by Ottawa. "Our approach will not be to bail out industry models that are no longer viable," said Heritage Minister Mélanie Joly (2017). "Rather, we will focus our efforts on supporting innovation, experimentation and transition to digital" (para. 195). Late that year, the newspaper closures predicted by Godfrey were announced. Postmedia and Torstar, which was Canada's new second-largest chain following the takeover of Sun Media, traded

41 titles and immediately closed almost all of them. Executives of both chains denied colluding on the closures. "We did not have any idea what they were going to do and they didn't have any idea," Godfrey claimed. "We understand the … legal rules involving collusion and you can ask anybody from Torstar, you can ask anybody from Postmedia" (Milstead, 2018, p. B4). The president of Torstar added that the companies had been "extraordinarily careful" (Milstead, 2018, p. B4) not to share any knowledge about their plans for the acquisition. The Competition Bureau, which for years had ignored similar trades and closures in B.C., finally acted by raiding the chains' offices after reportedly being provided by a whistleblower with documents that set out a detailed plan to reduce competition (Krashinsky Robertson, 2018). The chains as a result faced possible criminal charges of conspiracy and monopoly that could have brought fines of up to $25 million for the companies and prison sentences of up to 14 years for their executives. In early 2021, however, the Competition Bureau (2021) announced it had closed its investigation and concluded that no further action was warranted.

The only relief the federal government provided to news media in its 2018 budget was $10 million a year over five years in a Local Journalism Initiative to improve news coverage in underserved communities, which was criticized by NMC as a "Band-Aid solution" (Thomson, 2018, para. 2). The government promised to investigate longer-term ways to fund news gathering, however, including "exploring new models that enable private giving and philanthropic support" (Canada, 2018, para. 226) for nonprofit journalism and local news. Newspapers stepped up their campaign for a government bailout. In October 2018, the chairman of Torstar's board of directors wrote a column that was printed not only in the company's flagship daily, the *Toronto Star*, but in the chain's newspapers across the country. It listed 25 defunct dailies and 112 closed community newspapers for a total of 137 titles that had ceased publication in the past decade (Honderich, 2018). The list included more than a dozen community newspapers that Torstar itself had just folded, along with almost two dozen more it traded to Postmedia that were then closed. It also included two dozen newspapers that had been similarly swapped and closed in B.C. (Edge, 2018). Of the 25 dailies it listed, nine were commuter tabloids, a genre that proliferated worldwide at the millennium but began to disappear with the reduction in print advertising that began during the 2008–2009 recession. From 20 free dailies across Canada in 2014, only one remained by the end of 2020. Nine more of the listed dailies had closed or reduced their publication frequency as a result of the dealings between B.C. chains. John Honderich (2018) demanded to know where the money was that Ottawa had promised. "One or two exploratory talks have been held but there has yet to be even a request for proposals. Maybe next year, we are told" (para. 10).

Six weeks later, the government announced it would provide $595 million in tax credits over five years in the next year's budget to subsidize reporting, digital subscriptions, and charitable tax deductions to nonprofit news media (Leblanc, 2018). The 2019 federal budget provided a 25-percent labour tax credit for journalists employed by so-called Qualified Canadian Journalism Organizations (QCJOs) to a maximum salary of $55,000, or $13,750 apiece. To be designated a QCJO, news media outlets had to apply to the Canada Revenue Agency (CRA), which would then consult with an appointed panel of journalism experts chaired by the head of NMC. A requirement that QCJOs employ two or more journalists who "deal at arm's length with the organization," however, disqualified many small digital start-ups, such as the *Halifax Examiner*, whose publisher noted that the assistance "goes to great lengths to exclude small operations [and] seems designed as a big tax give-away to legacy media" (Bousquet, 2019, para. 59). The budget provisions also enabled news media outlets to apply to the CRA for non-profit status as a new category of charity able to issue tax-deductible receipts in exchange for donations as charitable, religious, and educational organizations long had. To qualify, profits could not be distributed to anyone connected to the organization, which must have a board of directors or trustees unconnected to each other and could not be controlled by one person or a group. Donations from any one source could be no more than 20 percent of its revenues, and it would have to make public the names of any donors of more than $5,000 (Pinkerton, 2019). A third form of government subsidy announced was a tax credit of 15 percent for subscribers to digital publications, which would be capped at $75 per subscriber annually (Canada, 2019).

Competing claims

Following the announcement of the bailout, claims that Canadian media were dying and required government assistance went to another level, even as additional data emerged that cast doubt on such assertions. This time the campaign for government assistance was aimed at aiding entertainment industries. In addition to the PPF, the campaign was joined by the labour union Unifor, which represented many of Canada's media workers, and the lobby group Friends of Canadian Broadcasting. The argument was set out at length by media consultants Richard Stursberg and Steven Armstrong in their well-reviewed 2019 book *The Tangled Garden: A Canadian Cultural Manifesto for the Digital Age.* "The biggest media companies seemed destined for insolvency," they warned (Stursberg & Armstrong, 2019, p. 39).

> The hour is very late. If the federal government does not wake from its torpor, the major Canadian media companies are likely to collapse and bring down the film and television production industries with them. If this happens, English Canada will be effectively culturally annexed by the United States. (Stursberg & Armstrong, 2019, p. 161)

The Tangled Garden described how Stursberg, a former head of CBC English, had devised at the request of Rogers Communications, the country's second-largest media owner, the system of labour tax credits used in the news media bailout. The book claimed that big media companies in Canada had suffered "losses as far as the eye can see" (Stursberg & Armstrong, 2019, p. 133) due to declining ad sales. Their financial failure, it predicted, would bring about "the utter collapse of Canadian culture," leaving the country with the "arid and lifeless landscape of an abandoned culture" (p. 39). The closure of Postmedia, which *The Tangled Garden* claimed had lost money every year since 2011, "would mean that there would no longer be any local papers in many of Canada's largest cities" (p. 135). It and Torstar, Canada's second-largest newspaper chain, were losing at least $35 million a year, the book claimed.

The Tangled Garden urged the federal government to tax foreign digital media such as Facebook, Amazon, Apple, Netflix, and Google—for which it used the ominous acronym FAANGs—on services they provided to Canadians. It noted that the foreign digital media had avoided paying sales tax in Canada due to the government's reluctance to regulate the internet as it had broadcasting. *The Tangled Garden* counted billions of dollars that could be clawed back to subsidize Canadian media. Making the FAANGs charge their Canadian customers federal and provincial sales taxes would bring in $100 million a year, it calculated, while disallowing the cost of advertising on foreign media as an income tax deduction would repatriate about $1.3 billion in ad sales to domestic media annually. The advertising that did not return would be liable to pay an estimated $590 million a year in tax. Making Netflix and other foreign streaming services contribute 30 percent of their Canadian revenues to fund Canadian content, as the national television networks were required to do, would bring in an estimated $438 million a year, according to *The Tangled Garden* (2019).

This argument, however, was fatally flawed by its premise. Bell Canada, the country's largest media company, had made $9.5 billion in operating profit the previous year, its annual reports showed, on revenues of $23.5 billion, for a profit margin of 40 percent.[1] Its media division, which included the CTV network, made $693 million in profit on revenues of $2.68 billion, for a profit margin of 26 percent. (Bell made a profit margin of 42.5 percent on its $12.4 billion in landline revenues and 42.6 percent on its $8.4 billion in cell phone revenues.) Rogers Communications made $6 billion in profit that year, up 9 percent from 2017, on revenues of $15.1 billion, for a profit margin of almost 40 percent. Its media division, which included the Citytv network, made a profit of $196 million the previous year, up by more than half from 2017, on revenues of $2.2 billion, for a profit margin of 9 percent. (Rogers made a profit margin of almost 48 percent on its $3.9 billion in cable revenues and almost 45 percent on its $7.1 billion in cell phone revenues.)

The annual profits of Canada's largest media companies, contrary to *The Tangled Garden*'s assertions, were greater than the entire economies of many countries. Bell, for example, would have ranked 142nd in GDP among the 185 countries listed by the World Bank (2020), behind Tajikistan and ahead of Malawi, while

Rogers would have ranked 151st behind Barbados and ahead of Sierra Leone. Even Canada's newspaper companies were hardly losing money, contrary to *The Tangled Garden*'s claims of continual losses since 2011. Postmedia recorded $65.4 million in operating earnings the previous year, up 18 percent from 2017, on revenues of $676 million, for a profit margin of 9.7 percent. Torstar made $60.7 million in profit that year on revenues of $615 million, for a profit margin of 9.8 percent.

Additional 2019 data

The Canadian Community Newspaper Association (CCNA) conducted an annual inventory of titles, first of its member newspapers and then, starting in 2011, of all community newspapers in Canada. The count was posted first on the CCNA website, then on the website of the NMC after the CCNA merged in late 2016 with the Canadian Newspaper Association, which represented dailies. Some years the number of community newspapers in Canada went up by a few. Other years it went down by a few, but over time the number remained remarkably stable at slightly over 1,000. The parliamentary committee studying media and local communities paid close attention to the annual CCNA/NMC data, plotting it graphically in its final report and noting: "Since 2011 … the number of community newspapers has remained steady" (Canada, House of Commons, 2017, pp. 10–11). The committee's focus on published data was at sharp odds with the unattributed contention in *The Shattered Mirror* (Public Policy Forum, 2017) that 225 weekly newspapers had been lost to closure or merger since 2010, and with the fluctuating findings of newspaper closures offered by the LNMP. As the debate over government subsidies for Canadian news media continued in 2018, however, the annual count of Canadian community newspapers failed to appear. Queries to the NMC's director of marketing and research, who was usually very helpful, went unanswered. The inventory re-appeared in 2019 and showed that the number of community newspapers in Canada had actually risen by 14 from 2017 to 2018. It fell by 20 in 2019, however, for a net loss of six over the previous two years (See Table 1).

Table 1: Community newspapers in Canada

	Titles	Circulation*
2019	1,026	15,999,950
2018	1,046	17,596,330
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: News Media Canada (2012–2019); *weekly

Sabrina Wilkinson and Dwayne Winseck (2019) published data that cast further doubt on job loss claims in *The Shattered Mirror* and concluded: "Much of the public discourse about the steep fall in the number of journalists in Canada is wide of the mark and exaggerated" (p. 386). Their analysis of Statistics Canada data showed that the number of employed journalists increased from about 6,000 in 1998 to a peak of 13,000 in 2013 before falling back to about 11,000 in 2017. "There are in fact more journalists in absolute terms at the time of writing than at most points in the past 30 years"

(p. 381). Claims of a crisis in journalism, they noted, "hide the more nuanced realities of the situation" (p. 376). The crisis narrative, they added, risked "calling forth protectionist policy responses that miss the complex realities of the situation" and "appears to be opportunistically deployed to reverse changes that have been opening the media in Canada to a wider array of sources, forces, and voices" (p. 389).

> Too often … discussions about journalism in Canada are predicated on questionable claims and devoid of a robust evidentiary base. Our research leads us to the view that we should talk not so much of the decline of journalism, but of a constitutive moment of transformation. (Wilkinson & Winseck, 2019, p. 384)

They called for "better engagement with the evidence" and "a more open mind" in its interpretation. "We believe research that investigates and gathers evidence about the realities of the state of journalism is well worth doing, not least because it helps shines [*sic*] a light on the more nuanced state of affairs and what might be done to address the very real problems that do exist" (Wilkinson & Winseck, 2019, p. 389). Better use of the available data, they concluded, "would surely help to bolster public conversation, inform decision-makers, and garner a more robust empirical record on journalistic work in Canada. … Academics working in this area should consider adopting the more nuanced and complex understanding of the state of journalism as one of transformation rather than too eagerly relying upon the notion of crisis" (p. 390).

Conclusions

Journalist Darrell Huff (1954) wrote a book titled *How to Lie with Statistics* that became a standard introductory textbook, sold more than 1.5 million copies, and was translated into several languages. Statistical analysis has advanced considerably since then, yet scrutiny of offered data has seemingly not kept pace. The selective use of data has become a standard technique of persuasion and has been perfected in public relations, advertising, and political communication. Projecting trends to simply continue unabated, as Goldstein (2015) and *The Shattered Mirror* (Public Policy Forum, 2017) did, is another technique often used in advancing an argument. It has been shown by history to be so unrealistic, however, that it has been named the Malthusian Fallacy after its most infamous practitioner. The "Big Lie" technique of propaganda involved promoting a falsehood so enormous that no one would believe that the truth could be distorted to such an extent. The claim that Postmedia lost $352 million in its 2015–2016 fiscal year is a classic example. It may have had some basis in accounting rules, but it was highly misleading and defied logic given that the company was owned by foreign hedge funds whose only purpose was to make money, not to subsidize Canadian journalism. The use of such techniques in research is an indication that what is on offer is not neutral scholarship but instead has been designed to sell something. Think tanks reciting statistics without attribution and paid consultants presenting research without disclosing its purpose or funding are more tell-tale signs that something is amiss. Unravelling the deception apparently involved in promoting the ongoing news media bailout in Canada raises troubling questions about the use of corporate propaganda, especially since a second similar campaign has apparently commenced.

News media in Canada have undeniably been diminished financially in recent years, as they have in most countries, due to the flight of advertising revenues online, mostly to Google and Facebook. The situation in Canada, however, seems to have been systematically overblown by stakeholders seeking government funding. Insights into this campaign hold potentially important public policy implications, particularly with respect to a proposed second bailout of Canada's entertainment media. A more reliable method of monitoring the health of Canadian media should be sought, perhaps through the establishment of an independent media research centre to collect verifiable data for policy purposes.

Note

1. Bell's profits would rise to $10.1 billion in 2019 and its profit margin to 42 percent.

Marc Edge is an independent scholar living in Nanaimo, B.C. Email: mail@marcedge.com .

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