

## INTRODUCTION

# Acrimony and Outrage

Canada's news media exploded in acrimony and outrage in late 2015 as many woke up to the possibility that their country's largest news gathering organization had been taken hostage by financial and ideological forces that hardly held public service as their highest ideal. The federal election that October provided the first clue for some as to just how rotten their news media had gotten. For others, it was the last straw. After newspapers owned by Postmedia Network, the country's largest chain, endorsed in unison the decade-old Conservative government of Stephen Harper, *Edmonton Journal* columnist Paula Simons simply had to speak up. "Before you ask, this was a decision made by the owners of the paper," she revealed on Twitter. "As is their traditional prerogative." It wasn't the first time an endorsement order had come from head office, even that year. In May, the *Journal's* editor admitted that Postmedia had ordered its four Alberta dailies to endorse the Conservatives during the provincial election campaign. "The owners of the *Journal* made that call," Margo Goodhand told Canadaland, the website and podcast that shone an increasingly unflattering light on the country's mainstream media.<sup>2</sup>

Postmedia CEO Paul Godfrey, a former Conservative politician, defended the corporate decision to impose its political will on its

journalists and readers. “Since God made babies, I think [endorsement editorials] were always made that way,” he told the *Globe and Mail*, “and if anyone thinks otherwise, I think they were dreaming in Technicolor.”<sup>3</sup> John Honderich, chairman of the board at Torstar Corporation, which published the competing *Toronto Star*, lashed out at the power broker who was paid \$1.76 million a year to lead Canada’s largest news media company, which was owned mostly by US hedge funds. “Really, Mr. Godfrey?” wrote Honderich in a column printed not just in the *Star* but also in several of the chain’s other dailies, including its *Metro* commuter tabloids across Canada. “You might want to examine the policies of other newspaper chains that tell an entirely different bedtime story.” Postmedia predecessor Southam Inc., noted Honderich, “went to great lengths to emphasize individual publishers in each city were responsible for all editorial content, including election endorsements.” So had the erstwhile Thomson chain, which included the *Globe and Mail* and even the giant Gannett company in the US.

The reason, of course, was self-evident. What was important or relevant to readers in Vancouver might not be so in Montreal, Ottawa or Windsor. Owning a newspaper, in my view, is a privilege not a right. Nor is it the same as owning a pizzeria or car wash. Newspapers are an essential informing part of the democratic process and their first responsibility must be to the local readers they serve.<sup>4</sup>

Outrage soon grew when, two days before the federal election, Postmedia and Sun Media dailies across the country came wrapped in full-page advertisements. Depending on the location, the aptly yellow ads were headlined “Voting Liberal will cost you” or “Voting NDP or Liberal will cost you” followed by a campaign message and a ballot marked “Conservative.”<sup>5</sup> Rancor resounded from coast to coast. “This was crossing the Rubicon,” wrote Geoff Olson in the semi-weekly *Vancouver Courier*, mincing no words. “Whoring out front pages across the country just days before an election was a low unworthy even of media mogul Rupert Murdoch and his boss, Satan. . . . Here was a case of boardroom Judases selling their publications’ paper-thin integrity for a few pieces of silver.”<sup>6</sup> Godfrey

pointed out that advertising was how newspapers made money. “Anybody, the Liberals could have done it, the NDP could have done it, as long as they pay the going rate,” he told the *Globe and Mail*. “Newspapers have to seek whatever revenues they can get.”<sup>7</sup>

But the capper came on election day, when *National Post* columnist Andrew Coyne resigned as the newspaper’s editor of editorials and comments. Coyne’s resignation came, he explained on Twitter, after Postmedia decided to drop his column that day because its endorsement of a party other than the Conservatives “would have confused readers and embarrassed the paper.”<sup>8</sup> He disagreed. “I don’t see public disagreement as confusing,” Coyne tweeted. “I see it as honest. Readers, in my view, are adults & understand that adults can disagree.”<sup>9</sup> While he resigned his editor position, Coyne continued to write his column, which soon re-appeared. In a series of tweets, he called the editorial interference by his employer “unprecedented” and explained that he “could not allow the precedent to stand.”<sup>10</sup> The website Ricochet noted it was the second time in two months that Postmedia management had pulled rank on Coyne. “How can an editor do their job if their decisions are repeatedly overruled by owners who have a clear political agenda and tolerate no dissent?” asked writer Ethan Cox.<sup>11</sup>

A column by author Margaret Atwood that asked some hard questions about Harper, noted Cox, had been pulled from the *National Post* website that August before re-appearing in an edited fashion. “Why is Harper still coyly hiding the two-million-dollar donors to his party leadership race?” asked Atwood in the initial version of her column, a cached version of which was briefly available online. “Don’t we have a right to know who put him in there? Who’s he working for, them or us?” That passage was reportedly deleted from the final version, along with other criticism of Harper.<sup>12</sup> A Postmedia executive told the *Toronto Star* that Atwood’s column had been pulled because it had not been fact-checked. “Senior editorial leadership at Postmedia also had not concluded whether the column was aligned with the values of the National Post and its readers,” *National Post* senior vice-president Gerry Nott explained in an email.<sup>13</sup> Jeet Heer, a senior editor of the *New Republic*

magazine, was incredulous. “So every Post column must now align with ‘the values of the National Post and its readers?’” he asked on Twitter. “Do these people understand what columns are?”<sup>14</sup> Ricochet’s Cox railed against “the ham-fisted meddling of owners with a vested interest in returning the Conservatives to government.”

If a paper no longer tolerates criticism of the government at inopportune (and important) moments, then can it even be said to be a newspaper anymore? In future campaigns it’s hard to imagine that newspaper endorsements will be paid any attention by a populace wary that they represent the advancement of corporate interests, rather than the wisdom of editors.<sup>15</sup>

Perhaps the most scathing criticism of the latest disgraceful episode in Canadian journalism history, however, came from beyond the country’s borders. “Postmedia achieved its market dominance in step with the rise of Harper’s Conservatives,” pointed out the website of the *Guardian* in the UK, which had a huge global readership online. When Canada’s largest newspaper chain bought 175 of Quebecor Inc.’s 178 Sun Media titles in late 2014 — essentially taking over the country’s second-largest chain — the federal Competition Bureau meekly approved the deal, noted the *Guardian*. “In seeking permission for the takeover, Postmedia assured the regulator that its newspapers would pursue independent editorial policies. Mere months later they were predictably backing Harper’s Conservatives.”<sup>16</sup>

Florida-based journalism school and media think tank The Poynter Institute was even more damning in its criticism. “The stain of this shameful moment in Canadian journalism will never wash completely clean,” a writer for its popular website concluded. “Not only did they tolerate the ugliest political episode in Canada’s post-war era, they signed their names to it.”<sup>17</sup> Voters responded by largely rejecting Postmedia’s advice on the best political alternatives in 2015, both in Ottawa and in Alberta. The kicker came one month after the federal election, when Godfrey was inducted into the Canadian News Hall of Fame, mainly for helming the Toronto Sun and Sun Media from 1984 to 2000.

Contrast the election-week outrage to the silence that greeted the announcement earlier in 2015 that the Competition Bureau had rubber stamped Postmedia's \$316-million acquisition of Sun Media. It evoked "almost no critical commentary or even concern," noted a pair of media scholars. "Godfrey gleefully admitted that ten years ago such a merger would not have been allowed and would likely have provoked a public outcry," wrote Paul Benedetti and James Compton. "This time around, it sparked, well, nothing."<sup>18</sup> Announcement of the deal the previous fall, the *Toronto Star* remarked in an editorial, didn't raise much concern either.

It should. If the deal is approved by the federal Competition Bureau, one company will own almost all the significant daily papers in English Canada. In most cities, the choice for newspaper readers will be between Postmedia—and Postmedia. Most worrisome, the big decisions that will shape much of English Canada's media landscape will be made south of the border.<sup>19</sup>

The *Globe and Mail* was one of the few media outlets to point out the implications of Postmedia's purchase. The takeover "doesn't just alter Canada's print-media landscape, it takes a bulldozer to it," quipped columnist David Parkinson. "Postmedia's proposed takeover . . . has thrown down the gauntlet to Canadian regulators," he added, "and forced the country to have a conversation that it has long avoided: How much are we willing to compromise the principles of a diverse and competitive press in the name of keeping it alive?"<sup>20</sup> The Competition Bureau, however, rarely stood in the way of corporate consolidation of the country's news media. A 2006 Senate report was sharply critical of both it and the Canadian Radio-television and Telecommunications Commission for what it called their "neglect" of Canada's news industries. "One challenge is the complete absence of a review mechanism to consider the public interest in news media mergers," the report noted. "The result has been extremely high levels of news media concentration in particular cities or regions."<sup>21</sup>

Part of the problem, the Senate report added, was that the Competition Bureau was only empowered to consider the economic

impact of a media merger or acquisition on advertisers, not its impact on the news needs of Canadians. “Clearly, a principal public interest about the news media should be the diversity of news and opinion,” it pointed out. “For this reason, advertising costs are not always the best indicator of market conditions for the news media.”<sup>22</sup> It recommended adding a new section to the Competition Act to deal with news media mergers and suggested automatic review of any that gave an owner an audience share of 35 percent or more. As the Competition Bureau was unlikely to have the expertise to deal with the public interest in media mergers, it recommended that an expert panel review them. “The Competition Bureau’s operating procedures may be well suited to analysing most markets for goods and services in Canada,” the Senate report concluded, “but not the news media market.”<sup>23</sup> Press freedom provisions in the Charter of Rights and Freedoms, on which publishers had traditionally relied in claiming exemption from regulation, should only go so far, the senators reasoned. “The media’s right to be free from government interference does not extend . . . to a conclusion that proprietors should be allowed to own an excessive proportion of media holdings in a particular market, let alone the national market.”<sup>24</sup> Bad timing doomed the Senate report’s recommendations, however, as the Conservatives had been elected earlier in 2006 and would spend almost a decade in power.

The new government wasn’t about to place restrictions on ownership of a news media that had helped turn a largely liberal populace into a plurality of Conservative voters, thanks in part to Conrad Black taking over the former Southam dailies and founding the *National Post*. Its stated mission from its first edition in 1998 was to “unite the right” of Canada’s fractured right-wing parties. Predictably, the Conservatives looked the other way in 2010 when Postmedia scooped up the country’s largest newspaper chain out of bankruptcy. Its majority ownership by US hedge funds was well above Canada’s 25 percent limit on foreign ownership of newspapers, but Postmedia circumvented the rules with a two-tiered share structure that kept foreign voting control ostensibly below the limit. Godfrey called the funds “hands-off

investors,” but the *Globe and Mail* reported in 2014 that he met with them frequently.

In recent months, the fund managers pushed Postmedia’s management to strike a deal with Sun Media despite frustrating delays in negotiations. “Paul doesn’t make major moves without calling them first,” one person close to the company said, referring to the fund managers.<sup>25</sup>

Its 2014 takeover of Sun Media made Postmedia by far the largest newspaper publisher in Canada, with almost three times the paid daily circulation of second-place Torstar. Postmedia owned fifteen of the twenty-one largest English-language dailies and published 37.6 percent of paid daily newspaper circulation in Canada. Even more pronounced was its dominance in Western Canada, where Postmedia enjoyed a 75.4 percent market share and owned eight of the nine largest newspapers in BC, Alberta, and Saskatchewan. In addition to its long-standing duopoly in Vancouver, where Postmedia and its predecessors Canwest, Hollinger, and Southam had owned both dailies since 1980, Postmedia gained similar dominance in three more markets by buying Sun Media, acquiring its main competition in Calgary, Edmonton, and Ottawa.<sup>26</sup>

But according to the Competition Bureau, the sale was “unlikely to substantially lessen or prevent competition” in those cities. After reviewing the acquisition for five months, but without holding hearings, it issued Postmedia a “no action” letter in early 2015, meaning it would not challenge the purchase. A combination of factors played into its decision, according to a press release, including:

- the lack of close rivalry between Postmedia’s broadsheet and Sun Media’s English-language tabloid newspapers;
- existing competition from free local daily newspapers;
- the incentive for the merged company to retain readership and maintain editorial quality in order to continue to attract readers and advertisers to its newspapers; and
- the increasing competitive pressures from digital alternatives in an evolving media marketplace.<sup>27</sup>

In other words, the Competition Bureau counter-intuitively concluded, the newspapers didn't compete anyway. In a longer statement posted on its website, the Bureau said it found "very little evidence of direct rivalry between the parties' newspapers with respect to advertising." Its economic analysis showed that the newspapers were also "not close rivals from the perspective of readers." Another factor cited by the Competition Bureau was that newspapers competed in "two-sided" markets, a subject on which it said it was "guided by a recent and expanding economic literature." Because they sold a service to both readers and advertisers, newspapers competed in two markets instead of the usual one. "The parties are keenly focused on their circulation and readership figures, and rely on them heavily in marketing to potential advertisers," noted the Competition Bureau, which also pointed to declining readership and advertising. "As a result, market conditions exert downward pressure on the parties' ability to exercise market power."<sup>28</sup>

That's when my old reporter's antennae started twitching. Since leaving the newspaper business after almost twenty years as a journalist, I had been studying media economics for almost two decades, and I had never heard of "two-sided" markets. I had learned the concept as the "dual market" nature of newspapers, and I knew there was an extensive literature on the subject going back decades in the field of communication. The *National Post* article that reported Postmedia's takeover, which was also published in most of Postmedia's dailies across Canada, quoted University of Toronto economist Ambarish Chandra, who had studied two-sided markets in the context of Canadian newspaper mergers during the late 1990s. "Prof. Chandra noted increases in prices for customers are a common concern when companies announce mergers of this scale," the *Post* article pointed out. "However, he said previous news mergers in Canada have not led to significant price increases since newspapers are no longer able to raise prices without losing readers — and, with them, advertising dollars."<sup>29</sup> It was a finding favourable to Postmedia's case for being allowed to take over Sun Media, which is no doubt why

the *Post* put it on the record. “There is no relationship between concentration measures and advertising or circulation prices,” Chandra’s co-authored 2009 study concluded of the mergers that saw 75 percent of Canadian newspapers change hands between 1995 and 1999.<sup>30</sup> Other motives than economic may have instead been behind the studied newspaper mergers, it added. “There is some evidence that media mergers are motivated by reasons unrelated to profits, having more to do with political motives or empire building.”<sup>31</sup>

History had shown, however, that newspaper monopolies usually resulted in sharp price increases for both readers and advertisers. A classic example was in Washington, D.C., where the *Star* folded in 1981, giving the *Post* a local monopoly. “Two years after the *Star* folded, the *Post*’s ad rate had risen 58 percent,” noted Ben Bagdikian in his classic book *The Media Monopoly*.<sup>32</sup> With the gradual disappearance of newspaper competition in the 20th century, much research had been done on this subject by media economists. “These price effects are so powerful that they provide ample motivation for the long and steady trend to newspaper mergers and takeovers,” noted a 1973 Canadian study.<sup>33</sup> The leading U.S. textbook on newspaper economics concluded in 1993 that the effect of monopoly on advertising rates had been well demonstrated.

Some studies have found that monopoly power increased the advertising line rate. Other studies have found that competing newspapers tend to have lower advertising prices. . . . Overall, research supports that many monopoly-power newspapers charge monopoly advertising prices.<sup>34</sup>

I began to suspect that the Competition Bureau’s economic analysis was based on flawed—or at least incomplete—research. I sent an email to the regulator stating my credentials as a media scholar and requesting a copy of its economic analysis, which I suspected had relied on Chandra’s study. This was a matter of public interest and squarely in my area of expertise, after all, so I figured I should be able to get a look at this taxpayer funded research. I waited a couple of weeks and, having heard nothing back, I sent

off a more official looking hard copy request on University Canada West letterhead.

I got a letter back a few weeks later denying my request. “The Competition Bureau conducts its merger reviews confidentially,” wrote Trevor MacKay, an associate deputy commissioner.<sup>35</sup> Yet after the *Vancouver Sun* and *Province* went into business together in 1957, hearings were held in Ottawa and Vancouver, with a book-length report resulting. Then after the *Winnipeg Tribune* and the *Ottawa Journal* closed in 1980, a Royal Commission was called and it held public hearings across the country, published a report, and released a briefcase full of background studies. After the owner of the *Vancouver Sun* and *Province* bought up most of the area’s community newspapers a decade later, the Competition Bureau at least held hearings. But after the country’s largest newspaper chain bought the second largest, not only was the acquisition reviewed in secret, but the Competition Bureau wouldn’t even release the research on which its approval was based.

Then the other shoe dropped. In January 2016 Postmedia announced that it would combine the newsrooms of its duopoly dailies in Vancouver, Calgary, Edmonton, and Ottawa. Dropping revenues dictated the moves, Postmedia said, which would help it save \$50 million a year. Suddenly 90 journalists were unemployed, with more expected to follow once Postmedia dealt with its unions in Vancouver. “The fallout is about more than adding a small number of people to the list of thousands of unemployed Albertans,” wrote a Calgary correspondent for the *Globe and Mail*. “It is, instead, about whether Postmedia’s remaining journalists can effectively hold politicians and organizations to account, deliver a diversity of opinions, and produce newspapers that are different enough to retain separate audiences and advertisers, despite containing slews of news stories that are nearly identical.”<sup>36</sup>

I knew from researching my book on Pacific Press, the company created by the merger of the *Vancouver Sun* and *Province*, that their owners had promised to keep separate newsrooms indefinitely to gain federal approval for what was otherwise ruled an illegal merger between competitors. I knew that Postmedia had

repeatedly promised—publicly and privately—to do the same in Calgary, Edmonton, and Ottawa. In announcing the Sun Media purchase in 2014, Godfrey said the duplicate dailies Postmedia acquired would continue to operate independently with their own newsrooms.<sup>37</sup> Godfrey reiterated when the purchase was approved in 2015 that Postmedia planned to follow in those cities the model that had been used for decades in Vancouver—seeking efficiencies in administration and production, but keeping separate newsrooms.<sup>38</sup> Goodhand, who was axed as *Edmonton Journal* editor in Postmedia’s early 2016 bloodletting, revealed on the website of the *Walrus* magazine that Godfrey made similar promises privately to local stakeholders as well. “I attended two of his private dinners in fine Alberta restaurants where he vowed to keep the newsrooms separate,” she wrote. “We might even have to reinvest in the Sun newsrooms, he mused aloud in Calgary. . . . They’d be competitive, distinct, and entirely independent, he said.”<sup>39</sup>

Postmedia’s promises had been spread skillfully through political channels. The *National Post*’s own tick-tock reporting of how the Sun Media deal went down reported that the chairman of Postmedia’s board called the mayors of Edmonton and Ottawa, as well as the premiers of Alberta and Ontario. Godfrey reportedly made similar calls to the mayor of Calgary, the federal Heritage Minister, the Prime Minister’s Office, and several other cabinet ministers. “Even the leaders of the Opposition parties were brought into the loop,” noted the *Post*’s backgrounder to the deal that was published in Postmedia dailies across the country. “Liberal leader Justin Trudeau was reached moments before Postmedia executives took to the microphones to announce the deal.”<sup>40</sup>

The *National Post* campaigned hard for the takeover to be approved. “Newspaper owners aren’t bluffing this time,” warned John Ivison in column headlined “Ottawa likely to see sense in deal.”

They are fighting to survive. Everyone knows this—they see it before their eyes as their papers shrink in size, personnel and ambition. Against this gloomy backdrop, it seems unlikely that the regulator or the federal government will be motivated to intervene and block a deal that offers ballast to an industry buffeted by choppy waters.<sup>41</sup>

Iverson polled three MPs, one from each major party, on whether they would oppose the acquisition. “Provided that there are no mass layoffs, and all titles keep publishing, they said they were relaxed about the union.”<sup>42</sup> He then doubled down in an interview with the *Hill Times*. “At ground level, there’s no trepidation that we’re going to see merged newsrooms or anything like that,” he said. “The people who are running this company know newspapers. . . . and they know that any attempt to integrate the editorial products would be self-defeating.”<sup>43</sup>

But Postmedia backtracked on its promises to keep separate newsrooms as it became increasingly hard pressed to pay the exorbitant interest owing on its more than \$600 million in debt, which was largely held by its hedge fund owners. Goodhand expressed the dismay that many Canadians felt. “How could Canada let one media organization buy up virtually all of its newsrooms?”<sup>44</sup> Conrad Black, a minor Postmedia shareholder, had seen it coming. “Management could have spoken more candidly about the cost savings that a merged company could effect,” he wrote in his *National Post* column after the deal was approved. “They will be larger than was stated, for public and personnel relations reasons.”<sup>45</sup>

But having been a reporter for the *Province* for more than a decade, I knew that I had tried as hard as I could to scoop my competition at the *Vancouver Sun*. Now I saw the same stories published not only in both newspapers, but also often in the *National Post* and the Vancouver commuter tabloid *24 Hours*, which were both also owned by Postmedia.

The worst part, however, was watching some of my fellow journalism educators dismiss or at least excuse Postmedia’s increasing stranglehold on Canadian news media. “What we’re talking about here is one threatened company . . . buying properties whose future was in doubt,” Ivor Shapiro, head of the school of journalism at Ryerson University in Toronto, told the Canadian Press after the takeover was announced. I could scarcely believe what I was reading.

If Calgary has two newspapers with the same owner, so be it, he said.

It's been going on in Vancouver for years, with two papers competing editorially with areas of co-operation on the business side, such as advertising sales. "That is way better at the end of the day than seeing both of those news organizations close down," he added.<sup>46</sup>

Shapiro doubled down on his Toronto-centric view of Canada's news media a few days later in an interview with the *Toronto Star*. "Obviously, I would see it as a terrible thing if the *Toronto Star* and the *Globe and Mail* were to be owned by the same owner," he said. "That would be awful. But what we're talking about here is two organizations that were on a death watch. I'd rather have one news organization that is not on death's door than two news organizations that are. Together they are stronger competitors than they were apart."<sup>47</sup> Oxymorons aside, Shapiro confessed ignorance when I informed him that both companies were in fact making double-digit profit margins.

Christopher Waddell, who was Carty Chair in Business and Financial Journalism at Carleton University, echoed Shapiro's sentiment in an interview with CTV when the deal was announced. "A year or year and a half from now, how many of those 175 newspapers are still open, and how many does Postmedia own?" he asked. "And I would be very surprised if some of them aren't closed."<sup>48</sup> Eighteen months later, they were all still open, and they were all still owned by Postmedia. But the capper came after the announcement about merging newsrooms. "This is an organization that is losing money and losing a lot of money," Waddell told the CBC in response.<sup>49</sup> He had reviewed *Greatly Exaggerated*, my 2014 book that showed newspapers remained profitable.<sup>50</sup> Had he even read the book? It included data that showed Postmedia made operating profits of 16–17 percent between 2012 and 2014.

They weren't losing money, I reminded Waddell by email—they were losing value. As their revenues went down, the company's value went down. I was hardly about to cry for its mostly American owners, however, if their investment went south. The newspapers were still nicely profitable, and they would continue publishing under new ownership if Postmedia went bankrupt.

Part of the problem, however, was that Postmedia had been seemingly designed to fail, saddled with huge debt by the hedge funds, hundreds of millions of which came due in 2017. As its earnings fell, Postmedia was forced by its heavy debt load to cut costs incessantly, but it still seemed doomed to fail.

Bankruptcy court was a prime hunting ground for hedge funds in the US that scooped up newspaper companies out of Chapter 11. Standard operating procedure saw them trade in only enough of the secured debt they held to win the company at auction, then keep the rest on the books. Should the company go bankrupt again because of its debt, the hedge funds would once again be first in line to take it over. It was Financial Engineering 101. Bankruptcy was a recurring theme for some US chains, some of which declared bankruptcy “strategically.” Despite recording enviable profit margins, Journal Register Co. went broke in 2009 and then again in 2012 due to its high debt levels that repeatedly put it under water. Each time it used the courts to shed pesky legal obligations like leases, union contracts, and back taxes.<sup>51</sup>

Ian Gill, a former *Vancouver Sun* and CBC television reporter, perhaps put it best in his recent book *No News is Bad News*. “Postmedia [is] essentially now just a debt service agency for an offshore hedge fund,” he wrote.<sup>52</sup> The constant cost-cutting required to pay its loans, Gill quipped, had helped reduce the country’s newspapers to “a highly concentrated, nutrient-free, quivering intellectual Jell-O.”<sup>53</sup> But the worst part according to Gill, who quit journalism in 1994 to become an environmental activist, was Postmedia’s close association with energy interests, most notably the Canadian Association of Petroleum Producers.

Our major newspapers, in particular, are in thrall to big business—energy industries most of all, but also developers, finance industries, and other natural-resource players. . . . I feel like we are being robbed blind, mugged by the oligarchs, and fed a diet of content you wouldn’t serve in a hospital during a power outage.<sup>54</sup>

The *Toronto Star* put it more bluntly. “There is a cancer on Canadian journalism,” it thundered on its front page in early 2016.

Business columnist David Olive performed a biopsy in his fifteen-hundred-word takedown. “Postmedia’s 200-plus media outlets, mostly newspapers, including some of the biggest dailies in the country, represent a far greater concentration of news media ownership than exists in any other major economy,” he wrote. “And a degree of foreign ownership of the free press that would not be tolerated in the US, France, Japan or Germany.”\* Postmedia was an “abomination,” according to Olive, who echoed what many journalists and increasingly ordinary Canadians felt. “It is a blight on all the communities it underserves.” It was controlled by “quick-buck hedge funds in the US,” at whose behest it had engaged in “savage non-stop cost-cutting,” almost unbelievably laying off more than half its workers in five years.<sup>55</sup> It wasn’t the first time Olive savaged Postmedia. He took a deep dive into the company’s finances a year earlier. “Canada’s free press and the citizens it serves are paying a heavy price to satisfy the short-term profit-seeking of US financiers,” he concluded. “The real story is that a Postmedia, leveraged to the hilt, can still generate just enough cash to further enrich Postmedia’s mostly US absentee owners.”

The three leading Postmedia investors—GoldenTree [Asset Management], Silver Point Capital LP of Greenwich, Conn. and New York-based FirstMark Capital—have already extracted close to \$340 million in interest payments from Postmedia’s leading Canadian newspapers. . . . In the looking-glass world of financial engineering, you can profit handsomely from an asset of steadily declining value. That is, from picking the carcass clean.<sup>56</sup>

Believe it or not, Postmedia was probably not even the worst media monopolist in Canada. That dubious distinction had instead long been reserved for the Irving family of New Brunswick, which owned all three of that province’s dailies, eighteen of its twenty-five community newspapers, and four radio stations. Its monopoly

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\* This is incorrect, at least in the US, where foreign ownership of the press is not regulated. This has resulted in some of the largest owners of US newspaper chains being foreigners, including Rupert Murdoch and Canadian companies such as Thomson and Hollinger.

had been the target of media inquiries dating to the 1970 Senate report on Mass Media, which described New Brunswick as a “journalistic disaster area.”<sup>57</sup> The Irvings were charged with monopoly in 1972 by the Competition Bureau’s predecessor, the Restrictive Trade Practices Commission, and were even convicted at trial and ordered to divest one of their dailies, each of which was also fined \$150,000. The conviction was overturned on appeal, however, in a case that went all the way to the Supreme Court of Canada.<sup>58</sup> The 1981 report of the Royal Commission on Newspapers recommended breaking up the Irving media monopoly. The 2006 Senate report on news media described it as “an industrial-media complex that dominates the province.”<sup>59</sup> The Irvings stifled media competition, according to an exhaustive 2016 investigation by National Observer reporter Bruce Livesey, by using legal intimidation and undercutting upstarts with discounted advertising and subscription rates.<sup>60</sup> Suffice it to say you won’t see any critical coverage in their newspapers of the sprawling Irving Oil empire that dominates New Brunswick’s economy.<sup>61</sup>

Then there were the media moguls on the country’s opposite coast who were playing a real-life game of Monopoly™ by buying, trading and closing newspapers to eliminate competition, all under the somnambulant nose of the Competition Bureau. Black Press of Victoria, which was owned by David Black, had done numerous deals with Vancouver-based Glacier Media since 2010. Between them, Black and Glacier had closed seventeen of the newspapers they had exchanged, including the *Alberni Valley Times* in late 2015 and the *Nanaimo Daily News* in early 2016.<sup>62</sup> The dailies had been part of a fifteen-newspaper trade between the chains in late 2014, of which more than half were subsequently closed.<sup>63</sup> As a result of their dealings, Black Press owned all of the newspapers on Vancouver Island—which had about the same population as New Brunswick—except for the Glacier-owned *Victoria Times Colonist*.

I felt I had to do something about the problems afflicting Canada’s news media instead of just writing about them. I had been doing that for years without much effect. I had been either a jour-

nalist or an academic my entire adult life, however, and both roles supposedly carried a duty of objectivity. But staying neutral, I had learned, was asking too much even of a journalist when something needed to be done and not just written about. What else could I do? I decided it might help to bring my research to the attention of someone who might be able to do something about the problems. It didn't take long to realize who that might be. Hedy Fry was not my MP—I lived in the suburbs on my sailboat—but she was the MP for Vancouver Centre, where University Canada West was located. I made an appointment to see her, and after several postponements I finally got an audience. A medical doctor from Trinidad and Tobago, Fry was the longest-serving MP in the new Liberal government of Justin Trudeau. If anyone could help mend Canada's news media, I figured she could. I gave her a copy of the letter I got from the Competition Bureau. I gave her a copy of *Greatly Exaggerated* and pointed her to its data that showed newspapers were still making healthy profit margins. "I thought they were losing money," she said, echoing the common misconception. I gave her a copy of *Pacific Press* and told her how the *Vancouver Sun* and *Province* had promised to maintain competing newsrooms in return for their illegal monopoly. She seemed as outraged as I was.

A few weeks later, the announcement came that Fry would chair Heritage Ministry hearings into media and local communities. "I know that our government has a strong will to deal with this now," she said. "The thing about politics is that the time comes one day when stuff is facing you so hard that you have to do something about it. That time has come."<sup>64</sup> The committee was tasked to study "how Canadians, and especially local communities, are informed about local and regional experiences through news, broadcasting, digital and print media." It also planned to examine media concentration and its impact on local news reporting, and how digital media had altered local news provision. The committee began holding hearings in Ottawa in February 2016 and planned to hold meetings in communities across Canada in the fall.

Since the issues involved will hopefully receive a national airing then, my publisher came up with a brilliant idea. Why not take

some of my conference papers and academic journal articles—the ones most relevant to the current plight of Canada’s media—and publish them in book form? I have to admit that Rolf Maurer comes up with the occasional stroke of genius, but as far as I was concerned this was his best idea yet. Maybe my research hasn’t gone for naught these past fifteen years after all.