

## Ownership, control, decision-making in the mainline commercial media - Background Paper For One Media 75 Series

The Canadian historian, Harold Innis, has pointed out that the control of information means the control of thought and therefore of society.

His student, Marshall McLuhan, followed on to say that media are like a giant massage parlor constantly body-rubbing the public.

Many others have commented on the power of the mass media, ranging from Will Rogers' folksy quip, "All I know is what I read in the newspapers" to Nicholas Johnson's "Television is one of the most powerful forces man has ever unleashed upon himself."

There can be little doubt that power in some form and in some degree resides in the mass media — whether it is the power to reinforce or to change human behavior in social, political or economic activity. Thus, it becomes imperative to scrutinize all the media: large, middling and small. This paper addresses itself mainly to "the industrialization of public media" in which small-scale, personalized cultural products become large-scale and impersonal, leading to vanishing papers, mergers, chain-making in all media.

While we have many small media in Canada, they are a tiny trickle compared to the main-stream commercial media and there is no question that "inequality of influence" exists. The old classic liberal theory held by John Stuart Mill, often used

to argue that any kind of media accountability is an infringement of a "free press", can no longer apply. Moreover, Mill saw "the marketplace of ideas" as arising out of small, competing units and in fact was not merely opposed to governmental power, but to *power itself*. Much of that power today rests with the owners and managers of mass media — so the question really is "Freedom of the Press — For Whom?"

Who owns or controls the mainline commercial media in Canada? (By this term we mean profit-seeking media with large, heterogeneous audiences). When the Special Senate Committee on the Mass Media under Keith Davey issued its report in 1970, circulation of daily papers

(116) "controlled or partially owned by groups" accounted for 77% of the total in Canada. This figure today has increased to 89%.

Davey reported that the 3 largest groups in Canada — Southam, Free Press Publications and Thomson — accounted for 44.7% of the total. Today that figure has grown to 52%. Even while the Davey Committee was meeting, and since then, 9 dailies have been enchained: F.P. has added the Montreal Star to its string of 8 papers, Southam has added 4 dailies to its list of 9 papers and Thomson has added 4 papers to his chain of 30. In Toronto, the Star has absorbed the Telegram. Two new dailies have been created: the Toronto Sun and Le Jour, a co-operatively-owned daily in Montreal.

Meanwhile, two new chains have started up: Sterling Publications with six small dailies scattered between Summerside, P.E.I. and Prince Rupert, B. C., and Unimedia, Inc. in Quebec with two papers.

Daily newspaper concentration is far greater in Canada than in the United States. Raymond Nixon, a U.S. authority on press concentration, has calculated that in 1970 the 8 largest ownership units in the U. S. controlled 28.34% of total circulation compared with Canada's 70.13% for the 8 largest that year. If it is any consolation, the U.K. is higher than Canada — but that is partly due to a Canadian emigré, Roy Thomson, who is also the world champion media centralizer.

National and regional chains do not, of course, represent the only concentration of media power in Canada. "Local combinations" — the ownership of more than one medium within a community — continue as before to the point where there are now only three cities in Canada where independent dailies offer competition to group-owned dailies: St. John's, Newfoundland; Toronto; and Montreal.

In the field of broadcasting, the Davey Report noted a similar trend for more outlets to fall into fewer and fewer hands. Groups then had interests in TV and radio stations close to 50% of the total. Updated figures

have not been computed, but radio and TV chains criss-cross the country and link in places with other broadcast, cable and print media. Several are imbedded in industrial conglomerates. For example, Standard Broadcasting owns CFRB, CKFM, CFRX in Toronto, CJAD, Montreal, and has an interest in Bushnell Communications, the licensee of CJOH-TV, Ottawa. Standard is in turn owned 48% by Argus Corporation which has interests in Dominion Stores, Domtar, Hollinger Mines, Massey Ferguson and B.C. Forest Products.

Power Corporation of Quebec includes Canada Steamship, Imperial Life, Investors Group, Laurentide Finance, Consolidated Bathurst, Dominion Glass and Gelco Enterprises and Gesco Limited which own most of La Presse and Les Journaux Trans-Canada with its 18 newspapers and one radio station.

Little wonder that the Quebec legislature is considering a bill to check the power of Power Corporation and Paul Desmarais.

Cable television, created originally to serve small communities by use of high-antenna towers, has become part of the main-line media with the difference that people pay for what they get and reliance on advertising is avoided (they do, however, pass along the ad messages of many commercial stations). Canada is the most cableized-TV nation in the world with about 35% of homes receiving signals from some 400 systems. But this hardware feat has been accomplished mainly to receive U.S. signals. In the U.S. itself, cable serves only about 15% of the homes. Only CRTC action in 1971 has led to priorities for Canadian stations and the use of one channel on Cable-TV for community programs. It is now asking that cable companies spend 10% of their gross on community channels.

Cable companies are in a financially sweet position. They are given a monopoly in the area where they operate and they don't have to pay for the programs they pull out of the air. Seminars held by the Canadian Cable Television Association in

1971 showed that a 30,000-home system would retire its entire debt within 5 years and then begin to pay handsome profits. The Davey Report estimated that five established companies earned after-tax income ranging from 18.5% to 56.16% on undepreciated capital.

The drive toward bigness through mergers may be seen not just as survival tactics but high-profit incentive. Davey found that the overall after-tax average for all newspapers from 1958 to 1967 as a percentage of total equity was between 12.3% and 17.15%. In 1968 the Toronto Star's net profit after taxes was \$1.5 million; by 1971 it had doubled and last year it reached \$8 million. In 1974 Southam Press cleared \$18 million; Thomson Newspapers, \$26 million.

The main objections to these main-line commercial media may be summarized as follows:

1. Concentrated power is, per se, a violation of traditional checks and balances. In Lord Acton's phrase, "Power corrupts, absolute power corrupts absolutely." Present performance may be good, but potential for abuse remains in few hands.

2. Diversity may be lost. As public information is a keystone of democracy, even partial control of information could distort, especially in a time of crisis.

3. Freedom of the press (media) becomes freedom of the few to decide. The public's right to complete, fair, truth-seeking information requires more democratic structures.

4. With shareholders on one side seeking profit-maximization and working media people on the other, many media cannot survive financially, are often poor in content. Larger slices of profit pies should go into content or working staff become owners.

5. Control and decision-making are from the top-down, business-oriented. Newsrooms become "boneyards of broken dreams." Workers lose identity in a standard corporate system of owners, bosses, underlings. Journalists regard "freedom" as a responsibility held in trust and in the public interest, media as not merely a money-making investment or just another commodity, but a public resource.

Advertising, which once rescued newspapers from governmental domination, has become a new master for all mass media. They now live or die on the numbers game: how many consumers they can deliver to the market. Let advertising fall even slightly and a magazine, broadcast outlet or newspaper, despite quality, may be finished. Ads break up and clutter up content to ensure captive audiences.

There are, of course, various alternatives to private-ownership, profit-seeking media. The best known in Canada is the CBC. This public corporation has a democratic method

of financing, one in which financial responsibility through taxation is distributed throughout the nation. It has been constantly under attack by media which reflect only commercialist views, but fortunately enough Canadians have valued its identity-producing role in Canadian society to support it. Among these are members of the original Canadian Radio League, and especially Graham Spry, one of its founders. The CBC, for all its bureaucracy, has been a nation-builder. It has earned and it needs five-year budgeting and more funds to dispense with all advertising.

New avenues of approach and new or projected systems that provide public accountability, ownership, control, decision-making, access and participation in media are now challenging present practices. Ontario has created a provincial education channel on UHF and is now expanding the system. The B. C. government is seeking a similar station in Victoria. The Alberta government has an educational radio station in Calgary. Saskatchewan is seeking CRTC approval for a provincial cable-TV plan that will provide facilities only to non-profit,

community-controlled groups. The Manitoba government proposes that ownership of all the province's cable-TV plant reside in its telephone system which would lease it to federally-licensed cable companies, that Winnipeg's two cable companies should help pay broadcasting costs in remote areas.

Montreal's daily paper, *Le Jour* — created in February, 1974 — has applied democratic ownership by the public and control by the editorial staff. Newspaper and Wire Service Guilds are pressing for more decision-making in other media. Citizen ownership through registration or incorporation as a society, non-profit company, co-operative or charitable organization have been used by RAVEN radio for Indian bands on the West Coast; a cable-TV community-owned facility in Campbell River, B.C.; an FM-radio cooperative, called *Wired World* in Kitchener-Waterloo-Cambridge, Ontario; Canada's first TV co-op in Hull, CTVO, with public ownership of shares. And there are several others.

Hundreds of groups have made use of community channels on private cable-TV in towns and cities across

Canada, catering to small audiences, but providing participation, "town hall" meetings. The CBC's Community Programming Branch under Doug Ward has created citizen committees for radio and TV in contract with the CBC. The National Film Board's "Challenge for Change" series (Fogo Island, VTR St. Jacques, etc.) have served as catalysts for community spirit and the lightweight, playback Portopak cameras are now used extensively. The Canadian Film Development Corporation has provided opportunity to beginners and more practiced film-makers.

None of these have been without their problems, as new ventures seldom are. But community ownership, control and decision-making does lead to a redistribution of power, challenging the main-line media, with potential leading to a transformation of the political, economic and cultural environment in Canada. "On demand" programming via broadband cable-TV will bring more profound social changes in the future.

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