
Media economics has been under-emphasized in Canadian schools of communication, which tend to focus more on culture and politics, and in schools of journalism, which seem content to concentrate on skills training. Thus it has fallen to three faculty members from the University of Alberta’s business school to author the first textbook on the subject by Canadian scholars. But Media Economics: Applying Economics to New and Traditional Media does not confine itself to Canada, instead taking a more global view that includes examples and cases from around the world. As a result, it could be appropriate as the core text for an introductory Media Economics course in a wide range of countries. But its inclusion of much Canadian material and its focus on questions of particular concern in Canada, such as cultural protectionism and public broadcasting, make it especially relevant for a Media Economics course at a Canadian school. Two peculiarities of this text, however, could render it more or less useful depending on the context of such a course.

First, because it assumes no prior knowledge of economics, readers are forced to digest such meat-and-potatoes economic concepts as competition, markets, and supply and demand even while being served up examples of their application to media industries. For students in programs that require an introductory course in economics, much of the former will be repetitive. For students who have not yet been exposed to basic economic concepts, having to assimilate them in tandem with their relation to media could amount to a daunting double dose of theory and application. Those who recall suffering through undergraduate microeconomics could doubtless sympathize with students whose eyes might glaze over on encountering graphs plotting price equilibrium, labour demand, and long-run average cost. Not only is this geometry largely unnecessary to understanding more important macro aspects of media industries, but it risks losing many students along the way. Most textbooks on media economics, perhaps wisely, assume some prior knowledge of economics and instead concentrate on more relevant material.

Second, the background of its authors makes this text stronger in some areas of media economics and weaker in others. Their perspective from a school of business renders them outsiders in the media field, and some gaps in their mastery of the subject are evident, especially in the areas of newspaper economics and normative theory. The economics of broadcasting and film, by contrast, are this book’s strengths due in part to the authors decades of collaborated research into the television and film industries and their previously authored Global Television and Film: An Introduction to the Economics of the Business (Hoskins, McFayden, & Finn, 1997). Hoskins and McFayden, both now emeritus, also collaborated on two books on Canadian broadcasting in the early 1980s. The trio has recently turned their attention to researching the economics of new media, which is yet another strong suit of this text.

However, when it comes to the newspaper business, a lack of familiarity is apparent. The authors seem uncertain even in what markets newspapers compete. They differentiate between national and local publications, but fail to recognize the wider range of overlapping circulation areas explicad in Rosse’s classic “umbrella” model of newspaper competition. And while they mention the unique “dual market” nature of newspapers, which sell information to readers at a loss that is more than made up by selling those readers in turn to advertisers—Smythe’s “commodity audience”—they gloss over this important concept that explains so much of recent newspaper behaviour. Little or no mention is made of such economic peculiarities essential to understanding the newspaper business as the circulation spiral and joint operating agreements. While the authors deal at length with natural monopoly theory, they fail to apply it to the newspaper industry, where it has been contro-
versial. The natural monopoly theory of newspapers was long advanced to explain the disappearance of metropolitan competition, at least until the emergence as viable second dailies of colourful tabloids such as those published by the Toronto Sun chain, which established themselves in the 1980s as differentiated products appealing to a younger demographic in what has become a much more segmented newspaper market.

The authors also commit a telling gaffe in mentioning that Australian Rupert Murdoch was forced to take out U.S. citizenship when he bought into the media there because of that country’s restrictions on foreign ownership of newspapers and television stations. In fact, Murdoch was not required to become an American upon acquiring the New York Post, only several years later when he bought his first television station there. The U.S. is actually one of the few countries without restrictions on foreign ownership of newspapers due to the strong constitutional guarantees of press freedom enshrined in its First Amendment. This fact once enabled Canadian companies such as Thomson and Hollinger to acquire major newspaper holdings south of the border and seems to have escaped the attention of the authors. Freedom of the press is not taken nearly as seriously in most other countries as to over-ride concern over foreign press ownership, including in Canada, where tax laws have been written to make it unprofitable for non-citizens to own print publications. This is an important normative difference that arises from the peculiar history and culture of the U.S. and which renders some aspects of media economics in that country of greater or lesser relevance to other parts of the world.

The slip-up illustrates the major failing of this textbook, which is its almost complete reliance on functional positivism as an explanation for how media industries operate, at the expense of normative considerations. The authors admit this bias in favour of empiricism in their penultimate chapter on government intervention. “Some commentators claim that economic analysis cannot adequately deal with [media] industries—a view with which we do not agree” (p. 288). But their failure to consider historical, cultural, and political factors leaves them unable to answer for the reader some fundamental questions, including the one on which they proceed to dwell: “So why is broadcasting but not newspaper publishing regulated and subsidized in many countries?” (p. 307). The authors seem to deem this unequal treatment economically illogical and they leave the learner hanging without an adequate answer to their question, which would of course require recourse to means other than empirical and quantitative research. Non-scientific or normative economics is a more fruitful approach to understanding some industries, and that undoubtedly includes the media. A more balanced approach might serve students better in their quest to understand how—and why—things work in media businesses.

Despite this shortcoming, Media Economics: Applying Economics to New and Traditional Media is a milestone in this country’s communication literature. Its format, which sees each chapter open with a list of questions relevant to the topic followed by examples of industry application ample to illustrate the concepts introduced, should engage the interest of most students in this important and often neglected subject. Hopefully it will find its way onto reading lists in Canadian schools of communication and journalism. Supplemented, of course, by some readings on newspaper economics and normative theory.

Reference

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