News as a Big Business: CanWest Global’s Newspaper Ownership

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Abstract

Canada’s newspaper industry has experienced increasingly concentrated ownership within the last few decades. News sources’ profit-orientation and need for advertisers to generate revenue has streamlined the political views embedded in journalism. Simultaneously, newspaper readers are embracing the medium as a trustworthy source. Edward Herman and Noam Chomsky offer an effective theoretical framework, the “Propaganda Model,” through which the state of Canadian newspapers can be examined. CanWest Global Communications’ current national newspaper ownership presents a case study which exemplifies Herman and Chomsky’s concerns. Viewing this company’s newspaper holdings through the perspective of the Propaganda Model should alert Canadians to the biases inherent in the news they consume. Efforts to limit or abolish monopolization of news producers in the country lie predominantly in the hands of independent lobbyists, as the views expressed by capitalist news owners often complement the interests of Canada’s dominant political leadership parties. Readers must take it upon themselves to become news savvy, critical and aware.

KEYWORDS: CanWest Global, newspaper, news, Propaganda Model, advertising, concentration, cross-media ownership, Israel Asper, Noam Chomsky, Edward Herman
Despite many new media outlets from which Canadians can derive their news, the printed newspaper remains a prominent information source. When newspapers first gained popularity in Canada, they were openly biased toward political parties. In contrast, the Canadian newspaper industry today appears to be much less partisan and far more objective. Canadians, who “spend a high proportion of their leisure time with the media,” trust news sources to give them accurate accounts of reality (Fletcher and Everett, 2000:427; Allan, 2004:77). While newspapers appear to be objective and diverse, their biases are actually hidden in the corporate concentration of news. Canada’s modern newspaper industry has become a massive business that operates in a financial market. Offering the illusion of impartial reportage and choice in newspaper selection, the profit orientation of major Canadian newspaper owners impacts the type of news that gets reported. Edward Herman and Noam Chomsky have proposed that modern news stories are subject to a “Propaganda Model”, under which raw material is passed through filters before becoming the “fixed discourse” that is known as news (1988:2). These filters ensure that the power and affluence of the capitalist class, the producers of information, are maintained while audiences continue to mistake news for accurate depictions of reality (Herman and Chomsky, 1988:2). CanWest Global Communications, a major Canadian media corporation, presents a pertinent case study. The company’s newspaper ownership exemplifies the way in which reporting is intertwined with the attempt to maintain a favourable economic position. This discussion examines CanWest Global’s newspaper chain from within a political economy framework, with guidance from Herman and Chomsky’s Propaganda Model. The investigation reveals that the status of the company as a large business with an orientation to the collection of advertising revenue imposes a journalistic bias on news content while blocking alternative voices from entrance to the newspaper market.

Public Perception of News and Importance of the Newspaper

Canadians generally believe that individual or corporate biases are put aside in order to report accurate accounts of reality (Allan, 2004:77). This interpretation is significant, considering that news sources are often the general population’s only access point to national and international events. Furthermore, the public perceives journalists as responsible for informing citizens fairly and objectively (Fletcher and Everett, 2000:428). While journalists may not intentionally take advantage of their role, their stories hold great power. Claims in news are presented as rational, authoritative truths (Allan, 2004:78). Assumptions that news sources reflect reality are significant when considering the reach of the country’s newspaper industry. Approximately eighty-three percent of Canadian adults are regular newspaper readers, denoting the news source as an extremely popular news medium (Nesbitt-larking, 2001:110). The industry also generates more advertising revenue...
The reach of newspapers in Canada informs knowledge readers obtain and contextualizes how they will perceive it. The national spread of the medium along with the increasingly concentrated ownership of many Canadian papers, including those belonging to CanWest Global, marks newspapers as an important medium to study in terms of their effects on readers.

**Theoretical Framework**

Edward Herman and Noam Chomsky’s Propaganda Model demonstrates the way in which material is filtered to suit the needs of a business-oriented news producer at the expense of journalistic integrity. In order for news media owners to fulfill their roles as entertainers, informers and capitalists, they necessarily employ “systematic propaganda” in which their biases are prevalent, yet often remain invisible. (Herman and Chomsky, 1988:1). Though Herman and Chomsky identify five filters through which material is passed to cleanse, or alter, the news to suit the way they want it to be perceived, including “size, ownership and profit orientation of the mass media,” “advertising license to do business,” “sourcing mass-media news,” “flak and the enforcers,” and “anti-communism as a control mechanism,” (1988:2). The first two, however, are most relevant in analyzing CanWest Global as a business.

The filter “size, ownership and profit orientation of the mass media” ensures that as news media become increasingly centralized in ownership, wealthy owners are able to control more of the nation’s news content (Herman and Chomsky, 1988:5). Since the goal of owners of news outlets is to capitalize on increased audience size and advertising revenues, the news they produce promotes businesses in order to keep the wealthy in the powerful position they occupy (Herman and Chomsky, 1988:6-7). Herman and Chomsky also recognize, through their second filter, that advertising priorities encourage news owners to attract wealthy and abundant audiences at any cost (1988:16). This affects both the content of news stories and the market share of big corporations. Through the filtering of information, the mass media, according to Herman and Chomsky, are “agents of distortion and trivialization, which keep the masses in a state of semi-comfortable passivity” (Nesbitt-larking, 2001:86). The Propaganda Model acts as a template by which one can analyze CanWest Global Communications’ newspaper ownership.

**Profile of CanWest Global Communications**

Southam, one of Canada’s oldest and largest family-owned newspaper chains, was taken over by Hollinger Inc. in 1996 and became the property of owner Conrad Black (Edge, 2003:228). Legal issues prompted a quick turnover of ownership as he sold the papers to CanWest Global Communications, headed by Israel “Izzy” Asper, in 2000 (Edge, 2003:228). In doing so, the media company enhanced its status as a cross-media owner in one giant sweep.

Cross-media ownership “refers to a situation in which a corporation owns assets in two or more media” (Media Ownership). This is also referred to as “convergence,” which implies that separate streams of communication are integrated through “a single distribution system” (Fraser, 2002:312). CanWest owns the Global television network, encompassing eleven stations across Canada, plus four independent television stations, seven specialty television stations and various websites. The company added sixteen regional daily papers and forty weekly newspapers to their holdings with their purchase from Black (Fraser, 2002:14). More recently, the corporation has gained a radio station in Winnipeg. These various news outlets define the corporation as a cross-media conglomerate. Holdings in television and newspapers are particularly significant as these are the two outlets Canadians identify as “the media they most use to obtain their information” (Fraser, 2002:64). CanWest’s ownership of newspapers alone has positioned the company as an active
participant in horizontal integration, a process in which “a company controls, in a given area, a number of similar production units which manufacture identical or similar products” (Fraser, 2002:4).

Not only does CanWest own the National Post, one of Canada’s national newspapers, but several regional papers as well (Fraser, 2002:14). The corporation’s revenue in 2002 was $2.6 billion (CDN), marking it as the third largest grossing media company in Canada (Fraser, 2002:15).

CanWest Global has significantly contributed to the concentrated landscape of Canadian newspapers. There are one hundred and two daily papers in Canada, thirty-one percent of which are owned by CanWest Global (Fraser, 2002:42). In British Columbia and Saskatchewan, nearly ninety percent of newspaper circulation is entirely dominated by CanWest (Fraser, 2002:51). CanWest wholly owns Vancouver’s daily newspapers while the company accounts for a seventy-one percent market share in all of the province’s television newscasts (Fraser, 2002:66).

These figures present a stark contrast to the Canadian landscape in 1913 during which one hundred and thirty-five different publishers owned one hundred and thirty-eight different papers (Nesbitt-larking, 2001:50). Even in 1970, forty percent of the daily newspapers circulated in Canada were owned independently (Nesbitt-larking, 2001:50). Today, Izzy Asper is the largest single owner of Canadian newspapers (Nesbitt-larking, 2001:50). The combination of horizontal integration of newspapers and cross-ownership of news media practiced by the Asper company has crossed new boundaries in dominance over news production in Canada.

CanWest Global Communications’ Political Orientation and Media Practices

After acquiring the former Southam newspapers and Black’s National Post, CanWest Global employed several debt-reducing strategies, including the elimination of sections in many newspapers and writing people’s jobs out of their production plan (Shade, 2002:2). While the Southam Company paid for mid-career journalist classes at Ontario’s University of Toronto for its employees, CanWest discontinued this practice (Ferrabee, 2002:24). Any editorial independence for local publishers that had been encouraged by Southam was denied under this new ownership, which demanded that all editorial content be written at CanWest Global headquarters in Winnipeg (Edge, 2003:228). Various employees who expressed discontent with this decision were threatened with dismissal for even discussing it amongst themselves (Edge, 2005:10). These practices did not merely have a negative effect on CanWest's newly adopted employees; they also affected the readers of the company's newspapers.

The Asper family actively and openly supports the Liberal Party of Canada (Edge, 2003:228). Regardless of one’s political orientation, the fact that CanWest Global ordered centralized editorials and employee lay-offs upon purchasing numerous Canadian newspapers is controversial, considering that they do have specific political allegiances and are not restricted from weaving them into their news stories. The issue is intensified when considering the crossmedia ownership of the company. Economically, it is in CanWest Global’s interest to gain the largest possible market share so as to sell one product to as many people as possible and thus reducing production costs through economies of scale (Nesbitt-larking, 2001:110). Ideologically, however, this means that CanWest can produce one news story from one point of view and distribute it to millions of people through their hundreds of news outlets across the country. CanWest Global’s influence on much of Canada’s news media becomes increasingly problematic when viewing the situation through Herman and Chomsky’s first two news filters in the Propaganda Model.
Filter #1: Size, Ownership and Profit Orientation – The Path to Journalistic Bias

CanWest Global’s news holdings classify the information producer as a large business with centralized ownership and a clear financial objective. Herman and Chomsky argue that under a capitalist system, large media companies are constrained by “market-profit-oriented forces” that are prioritized before journalistic integrity (1988:14). Not only do major media conglomerates have a substantial market share individually, but they are also closely interlocked and share common interests with one another (Herman and Chomsky, 1988:14). Profit-making objectives within a capitalist system act as a filter through which news content and company practices are modified in order to suit the financial goals of the company. This process has a significant impact on the quality of news readers consume. In order for a business to thrive in a capitalist system, it must be profitable. This simple logic applies only when the general population supports the economic system of capitalism and believes that those who make a profit deserve to be successful and powerful, even if this marginalizes the poor. In order for media companies to make a profit, they must be exposed to large audiences to generate revenue from both the audience and advertisers. However, when considering the ordinary person’s conception of news, as previously outlined, this system becomes complex. Media producers have the power to create the news, which is often taken to be an accurate portrayal of reality by their audience. Thus, they are able to lace news stories with information that supports the capitalist system and thereby reinforce their powerful positions. Media scholar Ben Bagdikian claims that dominant media corporations gain money and power through corporate concentration and are therefore unlikely to emphasize the dangers for democratic thought and citizen equality that are associated with such capitalist endeavors (1992:6).

An inherent interest in producing content that favours capitalist pursuits encourages major news corporations like CanWest Global to produce news that is homogeneous among their various media outlets. Bagdikian argues that “the total news picture of society is skewed in favour of corporate interests” (1992:16). Often, the central interests of media owners “are clear to executive directors who know that there are limits to their freedom and who thus perform varying degrees of self-censorship” (Bagikian, 1992:16-7). Journalists are encouraged to take what is commonly reported at their paper as the standard way of reporting news. This is dangerous when one considers that people often assume that news reports are objective and they accept the common news framework as natural. CanWest Global’s large news market share in Canada enables the owners’ Liberal oriented political views to reach millions of people. CanWest Global, as a news producer, has the power to encode news as a ‘neutral’ instrument through which ‘reality’ is expressed (Allan, 81). This practice, unbeknownst to the general public, shifts the focus of news production from a public service to a profit-driven business.

In a system where ownership is considered “an absolute and unquestioned right,” the Canadian news media, of which CanWest Global is a dominant part, has the power to not only manipulate news content but also news production practices (Nesbitt-larking, 2001:113). CanWest Global drastically changed the operation of the former Southam newspaper chain with its acquisition. Primarily, the company has sought to reduce costs and increase profit by centralizing the production of editorials and management of its newspapers (Edge, 2003:228-9).

However, some editors admit that “stock market influence has had a negative effect on newspaper quality” (Edge, 2003:229). While editors can recognize the standardization of the content they produce, readers may not be as attuned to this practice. Canadian media experts Fred Fletcher and Robert Everett agree that chains are repacking the same content and distributing it across wide readership (2000:443). This involves the standardization of a news story structure wherein format becomes natural to readers.
Furthermore, monopolies in news, such as the hold CanWest has over local newspapers in British Columbia, limit cities to one daily paper. While monopolized cities have access to other news sources via media such as the Internet, many people trust the printed newspaper. As Bagdikian points out, this has an important political impact since people vote according to their geographical districts. He continues to state that if there are a restricted variety of newspapers that cover political candidates and issues, this may indicate that there is a similarly restricted scope of political orientation of readers (1992:220). This is not to suggest that people are unable to appreciate the opposing side of a presented issue. However, the public gives a great deal of authority to reporters and consequently often believe that they are reading a true depiction of real events. When considering the Asper family's Liberal orientation and the power they hold to naturalize messages in their news stories, the danger in their gain of a news monopoly over media outlets in many cities in Canada are apparent. CanWest's role as a business in the capitalist system affects news content received by readers. Reality is filtered to suit the needs of the corporation, not the needs of its audiences.

Filter #2: Advertising License to do Business – Impact on News Content

As they operate a business in a capitalist system, newspaper owners are motivated to increase their profits, which is central to a business orientation as outlined in the first filter. A second filter, which Herman and Chomsky propose alters the form of news, concerns a media corporation's involvement with advertisers as a means of obtaining revenue. They suggest that building relationships with advertisers limits what news a medium will include. Anything that can be viewed as contrary to business priorities or will interrupt the “buying mood” of consumers often dissuades the advertisers that fund newspapers. (Herman and Chomsky, 1988:17).

Additionally, advertisers are interested in reaching an affluent public, prompting news media to focus their news items on stories that will attract wealthy people (Herman and Chomsky, 1988:16).

Drawing in this sort of audience requires an appeal to their interests, which are also likely to favour the capitalist market. News content is thus likely to further marginalize those who are not benefiting from the financial market, as they are not advertisers’ ideal audiences. The significance that advertising holds to newspaper distributors like CanWest Global considerably affects news content, newspaper structure, business practices, and the potential for competition to enter the market.

Bagdikian also contends that newspapers have “been altered to create editorial content not primarily for the needs and interests of the audience, but for the audience collecting needs of advertisers” (1992:8). He points out that it would not be financially reasonable for newspaper owners to publish editorials that offend their advertisers or deter consumption. This results in the censorship of news content, whereby journalists are less likely to pursue stories if they portray flaws in the corporate sector (Bagdikian, 1992:216). Readers who expect news to reflect the reality around them are often unaware of issues that are never raised in their papers. This trend is prevalent, despite the fact that the public expects journalists to expose any incidences of corporate abuse of power (Fletcher and Everett, 2000:431). As a result, readers are left with the impression that the corporate sector is functional and rational, even if this is not a realistic assessment (Badikian, 1992:216).

The impact of the relationship of businesses with advertisers does not just compromise news content, but also weakens the structure of a newspaper. To appear modern in the interest of attracting audiences for advertisers, “serious news” is quietly reduced in papers because readers often prefer features, which are also cheaper to run (Bagdikian, 1992:83). Since consumers essentially pay for the production of news by purchasing the goods advertised within it, ad pages in
newspapers are increased while “soft news,” which is thought to put readers in a “buying mood,” is also multiplied (Bagdikian, 1992:135-6). Fletcher and Everett call these format changes a move toward “infotainment,” a fusion of information and entertainment, which is becoming a more mainstream news practice (2000:432). The increase in advertisements coupled with a decrease in hard news promotes a consumeristic society, particularly if readers are to interpret news sources as a reflection of reality. This, in turn, favours the powerful capitalist class, further justifying CanWest Global’s position as a member of this caste.

Readers, through advertising, become a commodity of the corporation rather than an active audience, as they are browsing advertisements while simultaneously consuming news. Furthermore, buying a newspaper at a minimal cost allows a reader to feel as though he or she is getting something for practically nothing. Bagdikian reinforces the idea that like a “free lunch,” the news does not come without cost (1992:134). Instead, consumers are paying for their news each time they buy a good that is advertised by a company in a newspaper. Dallas Smythe concludes that people are “cultivated and trained to consume” because without consumer goods, they are left to feel inadequate in a society that places an emphasis on consumption (Nesbitt-larking, 2001:121-2). The audience is never merely consuming news, but is rather participating in a complex financial arrangement. Readers engage in the labour of buying while newspapers sell their audience’s attention to advertisers (Mosco, 1996:148). In this triangular process, the audience is never compensated for its labour, but rather treated as a commodity of the newspaper owner that can be sold to the advertiser. Since publishers like CanWest Global are more dependent on advertising revenues than they are on subscription payments, selling advertising space becomes the top priority of the company (Bagdikian, 1992:176). So when Leonard Asper of CanWest Global claimed, “‘what we have really acquired [in purchasing the former Southam newspapers] is a quantum leap in the product we offer advertisers and a massive, creative, content-generation machine,’” he could not honestly claim that the “content-generation” machine was programmed to act for the good of the public more so than it would act in favour of his advertisers (Shade, 2002:2). And so, Herman and Chomsky’s second filter proves to be an important one in assessing news conglomerates’ tendency to alter reality in news stories to suit an alternative goal. This pleases an information media’s most important client: its advertisers.

One would assume that in a truly capitalist market, there would be an emphasis on free competition, allowing other media companies to contend with CanWest Global newspapers. However, the relationship of dominant businesses like CanWest with advertisers tends to block entry to the market. Herman and Chomsky note that before advertising, newspapers had to cover their production costs through revenue in sales (1988:14). When advertising became a plausible method of sustaining a business, newspapers that did not attract advertisers, which were often those that had anti-business views, were squeezed out of the market and thus put at a severe disadvantage (Herman and Chomsky, 1988:14). Today, the situation is very much the same. Publishers compete for advertisers, and the winner ensures that all others will fail since ad-less newspapers are deemed an economic impossibility (Bagdikian, 1992:120,147). Advertisers contribute to large corporations’ gain of market control and political power (Bagdikian, 1992:121). If other newspapers are blocked from gaining large readership in Canada, the ideas conveyed by CanWest are saturating an increasingly large audience. The filter that advertising imposes endangers diversity in news, and by extension, diversity in readers’ viewpoints.

Policy and Potential for Change

One would expect that such a threatening situation would call for immediate government intervention. However, these practices are hardly discouraged by the Canadian government because it shares many beliefs and values with major news corporations, and thereby benefit from the
skewed constructions of reality represented by these companies. News producers need politicians to create stories and politicians depend on news producers to promote them. Conservative and Liberal governments, the politically dominant parties in Canada, embody views that are most reflected in the news, as demonstrated by the CanWest news coverage of political issues. Federal laws rarely challenge media concentration and practices employed by major media companies that favour their position as powerful elite. Challenging this system is often left up to smaller organizations that have a difficult time projecting their voices into the mainstream.

In 1981, the Royal Commission on Newspapers, also known as the Kent Commission, recommended a ban on media cross-ownership. The reasoning for this suggestion included the belief that there is a tendency for corporate priorities to overtake the news room, resulting in loss of quality in editorial content and a reduction in diversity of the news (Nesbitt-larking, 2001:120). The Commission also created a Newspaper Act, “limiting the number of dailies that could be controlled by one company in any region of the country” (Edge, 2005:23). These prohibitions, which would have drastically altered the Canadian media landscape today, collapsed in 1985 after a new Conservative government took over federal leadership (Edge, 2005:4). This allowed major media companies to expand exponentially, accounting for the holdings that CanWest Global presently enjoys. In 2001, when CanWest Global’s broadcasting license was up for renewal, the company was asked to develop a code they would follow to ensure that proper journalistic guidelines would be upheld (Edge, 2005:8).

The company owners promised that they would keep their print and broadcasting journalism separate, but only on a voluntary basis. They refused to be bound to a strict journalistic code. The government and CRTC considered this proposal acceptable and allowed CanWest the power to “self-police” (Edge, 2005:8). In 2003, Sheila Copps, the Canadian Heritage Minister at the time, appointed Clifford Lincoln to lead a committee in studying the effects of media convergence (Edge, 2005:13). This resulted in a comprehensive report entitled Our Cultural Sovereignty, which included numerous recommendations for Canadian media. Despite the time and funding invested in the committee and report, media coverage on the issues was sparse, particularly by CanWest Global who “willfully ignored” the publication (Edge, 2005:4). In retrospect, very few of the issues highlighted in the report were addressed, and governmental policies regarding media convergence have not changed.

This lack of government intervention in facilitating quality and accountability in news production has prompted many small organizations to form and lobby for change themselves. For example, when CanWest Global centralized its editorial writing, one hundred and ten former Southam employees took out full-page advertisements in competing newspapers advocating against the CanWest policies, calling on the government to take action (Edge, 2005:11).

Similarly, the Canadian Association of Journalists (CAJ) represents 1500 working journalists who voice their concerns with the industry by approaching supervisors in groups (Nesbitt- Larking, 2001:181-2). Other comparable organizations for collective bargaining include the French Canadian Le Syndicat des Journalists, the Southern Ontario Newspaper Guild (SONG) and the Canadian Media Guild (CMG) (Nesbitt-Larking, 2001:183). Self-reflective journalists who participate in these groups are the first step to media accountability. It is within these small organizations that the potential for positive change lies, but media conglomeration often drowns out the voices of the groups struggling to be heard.

Conclusions

CanWest Global is a huge business and its actions are legitimized under a capitalist system. However, as Herman and Chomsky demonstrate, its size and profit-orientation along with its intertwined relationships with advertisers greatly impact the content of the news the company
produces. CanWest Global Communications has the power to encode political biases in its news stories, which are guaranteed to reach a massive market that often takes the accuracy of news coverage for granted. The government is very compliant with CanWest Global’s practices, leaving little hope for the public to experience alternative news voices in the mainstream realm. CRTC Commissioner David Colville commented on media concentration by saying, “I am still left wondering how these businesses are going to add value in the public interest as well as in their own interests” (Shade, 2002:3). In response to this query, it is clear that media businesses tend to put their own interests ahead of that of the public. However, these priorities are often disguised by dominant beliefs that the news acts in the public good. Until governmental action is taken against concentration of media and newspaper ownership, the public must be educated in order to create informed and critical consumers of news. People must be aware of who owns the company from which they derive their news, and operate on the premise: reader beware.
Works Cited


