



# Big tech is above Canadian law

## Context

**Google, Facebook and other foreign media giants enjoy privileged status from Ottawa that gives them unfair advantage over our own Canadian media.**

Special treatment and exemptions from our laws have helped to establish these foreign tech giants as the dominant information and communications companies. Google effectively controls all public information in Canada, while Facebook controls a large percentage of communication between citizens. More than half of Canadian households subscribe to Netflix.

Because of their dominance, Facebook and Google are bleeding advertising revenue from Canadian broadcasters and news publishers at an alarming rate. Hundreds of Canadian newspapers and several broadcast media outlets have gone bankrupt and many

more are on the brink. Meanwhile, Netflix is filling our screens with foreign programs with no obligation to contribute to the creation of Canadian programs or to reflect our stories on the small screen.

Unlike Canadian media, these platforms are completely unregulated and Ottawa provides rich subsidies that effectively lower the cost of their advertising products.

**When you add it all up,  
the value of Ottawa's special  
treatment of Facebook and  
Google is more than double  
what the federal government  
spends on the CBC each year!**



## **Exemption 1: The Truth**

**Canadian publishers are obligated to tell the truth – they are legally responsible for every word and image they disseminate. If the Globe and Mail publishes something that is slanderous or even untrue, its publisher would face stiff legal consequences and hefty fines.**

Yet Canada does not require platforms like Facebook to ensure that the content they disseminate is lawful and truthful. Whereas a publisher makes editorial choices about the content it disseminates, Facebook claims to be a purely neutral platform that simply builds communication tools which users can employ however they wish. **As Mark Zuckerberg said in 2018: “We are a tech company, not a media company.”**

As a result, Facebook believes it should not be responsible for the multitude of disastrous outcomes its technology facilitates, including a compromised US Presidential election, ethnic cleansing in Myanmar, and much more.

But Facebook’s claim doesn’t hold water. No two users see exactly the same thing on Facebook; the company’s algorithm curates a selection of content personalized to the tastes of each and every user. In other words, the company makes editorial choices. The company also employs thousands of human editors (they call them “Content Moderators”)

who are charged with effectively policing all speech on the platform to ensure it adheres to Facebook’s editorial policy, which it calls “Community Standards”.

Facebook is anything but a neutral platform. It is designed to serve each user a customized selection of content that maximizes value for advertisers and, in response to public outcry, it has set standards for public speech that it tries (and fails) to enforce.

**“We are a tech company,  
not a media company”**

*– Mark Zuckerberg*

In spite of all this, the Government of Canada still treats Facebook like a neutral platform that isn’t liable for disseminating misinformation, hate speech, slander, and other unlawful content. This creates a very low regulatory compliance bar, which surely fattens Facebook’s profit (it’s currently about \$20 billion US per year).



## **Exemption 1: The Truth (cont'd)**

The same could be said of Google and its subsidiary, YouTube. Google claims to be a neutral gateway to the internet but, like Facebook, it serves each user highly personalized search results that influence what you see and where you click.

Moreover, Google and YouTube use their autocomplete functionality to nudge users to search for specific things. This has been proven to favour extreme right-wing content and propaganda.

**Google makes billions by curating your life online, but they are not responsible for the consequences of disseminating misinformation and propaganda.**

## **Exemption 2: Copyright**

**Facebook is Canada's #1 source of news, but it doesn't employ a single journalist.**

In fact, it makes billions by selling ads against content that it pays nothing for. Most publishers are required to pay for this content. Facebook isn't.

Google is in a similar boat. Its wholly-owned subsidiary, YouTube, is the world's largest music streaming service. Yet it pays content

creators a pittance. One artist got over a million views but netted a measly \$65.

Facebook, Google and Netflix are driving Canadian media out of business, with Ottawa's help. Who will produce quality professional journalism and Canadian stories once our media are gone?



**EXEMPTION**

**ESTIMATED VALUE**

### **Exemption 3: The Internet Advertising Tax Loophole**

If a company buys an ad in the New York Times or other foreign media, that expense cannot be deducted come tax time. It's the law.

But, as in so many other cases, the law doesn't apply to big tech. Ads purchased on Google, Facebook and other foreign internet giants are eligible for generous tax deductions. This is like a taxpayer funded subsidy of the cost of Facebook and Google's ad products.

Ottawa is feeding this misinformation machine with billions of public dollars while that machine is killing truthful, trustworthy Canadian journalism.

**\$1.6  
billion**

### **Exemption 4: Sales Tax**

Canadian businesses are required by law to collect sales tax. Google, Facebook, Netflix and other foreign tech giants are not. That means they can offer their services and products at substantially discounted rates compared to Canadian companies.

**\$900  
million**

### **Exemption 5: The Netflix Deal**

Licensed Canadian broadcasters like CTV and Global are required to contribute anywhere from 5% to 30% of their revenues to the production of Canadian programs. Netflix is exempt from this requirement even though it is Canada's largest broadcaster with more than half of Canadian households subscribing.

**\$40  
million**

### **Exemption 6: Corporate Tax**

Even though Netflix's Canadian revenues are nearing the \$1 billion mark, they don't pay a dime in Canadian corporate tax.

**\$208  
million**

**Grand Total**

**\$2.75  
billion**



## What do we want?

### **A government's priorities are clear when you follow the money.**

It's time for Ottawa to apply our laws and rules to Silicon Valley. The subsidies, exemptions and special treatment must stop. Facebook, Google and other tech giants must pay their fair share in taxes, they must pay the people who create the content they sell, and they must be held responsible for the consequences of their actions.

But reducing the poison isn't enough. We also need to increase the medicine – we need to double down on CBC. If Facebook's

fake news and extremism is the problem, CBC's trustworthy, truthful journalism is the antidote. If Netflix wants to bring us America's TV hits, a revitalized CBC can produce exceptional Canadian drama that speaks to the Canadian experience and challenges us to build a better country.

**We call on our  
political leaders  
to choose Canada.**