

Davey

continued from page 10

terms of chain ownership, in terms of locale. We made up a composite list, and so it was decided, for example, that in Vancouver we would have a Southam newspaper; that we have a morning paper, the Province; and in **CONTENT**: If Toronto and Montreal appear as the heroes in Canadian media and Halifax, Saint John and a couple of Prairie cities as villains, it is probably due to the resources available to the respective organizations.

DAVEY: This is one of the problems we will be discussing in the report. If you really want to stop and think about it for a moment, where the resources are least desperately needed, they are present in abundance.

CONTENT: This is one of our major concerns in developing our own philosophy toward the media through the various things that we are working with and this journalist's magazine is but one of them. With the tremendous centralization and concentration of resources, therefore power, the under-developed regions of the country are simply not served well by the media. I am wondering what thoughts might be gleaned at this time from the hearings without revealing too much about what your report will have to say?

DAVEY: Only to agree that they exist and we will be talking about them in the report. You have put your finger on a problem which I think is terribly important.

CONTENT: Are you satisfied with the amount of feedback you have been getting from the working journalists across the country?

DAVEY: I think we are getting adequate feedback from the working press. However, we did not find anything which was startlingly new. We didn't receive any great earth-shattering revelation. Having said that, we did find a great deal of disquiet and uneasiness and a great deal of concern about the state of journalism in Canada. There is no doubt about that.

CONTENT: Eric Wells makes a rather devastating comment about the level of professionalism within the journalism currently practised in Canada. He describes it as "one big yahoo syndrome." Would you, on the basis of your contacts so far, feel this is carrying things a bit too far? What he is getting at, I believe, is that too many desk people, and even the men and women on the beat, tend to have a very low opinion of their readership. So that in making their judgments of what the reader should be offered they tend to have a low assessment of his intelligence.

DAVEY: Honestly, at this point I feel we are moving into an area which comes awfully close to things we are saying in the report. But just to answer your question, I think Mr. Wells has really gone further than he needs to make a point. I sometimes wonder if the people the journalists have a low opinion of aren't really journalists themselves.

CONTENT: But in the everyday content of the media across this country and disregarding exceptions both ways, is there a level of mediocrity reflected in Canadian journalism that is of deep concern to the committee? Will the report reflect this?

DAVEY: I don't want to duck your question but I will simply say read the report to get an answer concerning this subject. I should hope that it is well covered in the report.

CONTENT: I think it is of real concern to people who are interested in the quality of journalism in Canada. If you start making comparisons with the media of other countries, Britain for example, and this is often done among my friends and associates, there is much to be desired. I sometimes think we should start treating information and communications as a primary resource. We are prepared to subsidize the exploitation of other resources. However, I know that if I ask, "Are you going to recommend a subsidy for magazine publishing?" you are

merely going to say, read the report. I am just wondering what thoughts you have on this in terms of philosophy. Tom McPhail of Loyola College is one person who appeared before the committee with some interesting views about subsidies for the Canadian publishing industry.

DAVEY: Tom McPhail was one of the more interesting witnesses who appeared before the committee. He wanted to do a lot of things that would cost a great deal of money. He had an elaborate scheme for saving money which began with the abolition of the Senate, an interesting idea to say the least. The basic concern with this idea, no matter how carefully it is handled, is that it brings the government directly into the publishing field, although there certainly are some pretty strong parallels between that situation and government involvement in broadcasting.

On the other hand, I would be greatly concerned about developing any scheme of subsidization without having some foolproof guarantees that the government would in no way, shape or form be involved directly in the publishing business.

CONTENT: I can envisage an independent Canada Council-type of agency which could decide what is a reasonable publishing venture to support or not.

DAVEY: I am going to go behind my retreat here and say read the report. But before I do, let me say in regard to the kind of Canada Council thing you envisage that I am also a politician who can foresee some tricky ambush questions in the House for some poor devil. It certainly is an area which is fraught with obstacles. Nevertheless, it strikes very hard at the whole core of what we have been trying to do with the hearings. I have been at pains to point out that I do not regard the hearings as in any way, shape or form tampering with the freedom of the press. Read the report because we have something to say in this area.

CONTENT: While we are speaking of the encouragement of Canadian publishing, you have probably heard a thousand and one times complaints about Time/Reader's Digest exemptions. In fact, the External Affairs committee has just recommended that they be removed. Also, you have probably already received what amounts to a petition from a number of people.

DAVEY: The Peter Gzowski and Peter Newman effort, you mean. The petition has been received.

CABINET MINISTER LEADS "TIME" LOBBY

A pro-Time and Digest lobby developed in the cabinet, led by C.M. "Bud" Drury, not inaccurately labelled by some reporters "Time's Cabinet Minister", whose constituency in Montreal is the site of Reader's Digest head office and plant. Drury was joined by Maurice Sauvé and Paul Martin, who feared aggravating the Americans' wrath.

Immense pressure was being put on ministers and individual MPs.

Douglas Fisher, then a New Democratic MP, was subjected to a constant barrage of letters and telephone calls from employees of Provincial Paper Limited and their wives. The company, which had its mill in Fisher's home riding of Port Arthur, supplied the two magazines with paper; the callers threatened him with a loss of votes.

In May of 1969, addressing a Grade 13 graduation class in Toronto, former finance minister Walter Gordon elaborated on the events:

"The United States State Department went into action. Its representatives urged on behalf of the whole United States administration that nothing should be done which in any way would upset or annoy the late Mr. Henry Luce who was the proprietor of Time. It was submitted that Mr. Luce had great power in the United States through his magazines, Time, Life, and Fortune. That, if he were irritated, the results could be most damaging to both Canada and the United States administration."

He also said in his book, A Choice for Canada: "The matter came up at a time when the automobile agreement was under heavy attack in Congress. Approval of the agreement might have been jeopardized if a serious dispute with Washington had arisen over Time. In the circumstances,



Saturday Night publisher Bill Nobleman

I believe the decision to grant the exemption was realistic. Nevertheless, steering this part of the legislation through the House of Commons, and explaining the reason for the exemption to the Liberal Party caucus, was one of the most unpalatable jobs I had to do during my period in government."

The bill Gordon steered through the House denied tax deductibility for advertising in any foreign-owned publication — except Time and Reader's Digest.

Its effect was to make the two magazines more powerful in Canada than they had ever been since their presence was now protected from any future competition from the U.S. (Newsweek, it was reported, had also been planning a Canadian edition).

Thirty-one Liberals refused to back the legislation and stayed out of the Commons during the vote. Thirty-six Conservatives were also absent.

During the ratification debate in the Senate, on June 28, 1965, Sen. Grattan O'Leary stormed his prophetic words:

"If this House votes for this legislation, it will be voting for the proposition that Washington has a right to interfere in a matter of purely Canadian concern, and voting a possible death sentence on Canada's periodical press, with all this can entail for our future voyage through history."

IV. "The applecart"

The cake of the Time-Digest lobby is a cosy fraternity of publishers united into an association called the Magazine Advertising Bureau of Canada (MAB), led principally by the three largest magazine publishing concerns in the country: Time International of Canada, Ltd.; The Reader's Digest Association (Canada) Ltd.; and Maclean-Hunter Ltd.

The combined circulation of the members of the MAB reaches 52 per cent of all Canadians over the age of 15. It represents 93 per cent of the total audited circulation of Canadian consumer magazines (The Canadian and Weekend, as newspaper inserts, are not considered magazines by the MAB and have been excluded from membership.)

Typical of its broad membership are magazines like Time, Reader's Digest, Sélection du Reader's Digest, Chatelaine, Miss Chatelaine, Saturday Night, TV Hebdo, The Observer.

The aim of the MAB is tersely described by its president John Crosbie: "To improve the financial position of its members."

It does so in a simple way: it seeks out advertising for its members by cultivating the advertisers, bringing magazine and advertiser together in promotional events, and trying to convince a set national advertiser in advertising in as many of its member publications as possible. It will try to persuade an advertiser who wants space in Time to take a package deal that includes Maclean's and Saturday Night as well.

It is, in short, a close-knit interest group dedicated to keeping its members alive and comfortable. It's a sort of co-operative like Canadian Press, only it's dedicated to sharing ads and ad revenue rather than editorial copy.

Members of the MAB pay dues (the amounts of which the MAB considers "none of the public's business") proportionate to their advertising volume. As a result, the most powerful members are Time and Reader's Digest, which last year won \$14 million worth of advertising, or 51.5 per cent of the existing magazine ad market. Maclean-Hunter, with 41.4 per cent of the existing market, comes second but its power is diffused over many publications, not just one.

The members of the MAB in effect ride on the backs of Time and Reader's Digest, which pull in the largest proportion of ads.

Magazines like Maclean's and Saturday Night depend heavily on getting slopover from ads initially bought in Time. The mechanics are simple:

Time magazine prints 12 separate editions in Canada for 12 regions of the country. The Maritimes are a separate region, as are Toronto, Montreal, and so forth.

This permits Time to sell an ad to, say, the Royal York Hotel in every region except Toronto, where the hotel might not be interested in advertising. Or conversely, Time offers an advertiser like Eaton's the opportunity to advertise a large sale in its Toronto store only in its Toronto edition, with a city circulation of 55,000.

This gives the magazine a great attractiveness for advertisers. They can pick and choose any or all combinations of Time's circulation of 460,000.