

Like the Mafia, they're tempted, if not actually forced, to invest it elsewhere. And if you happen to be a newspaper publisher, by far the most plausible place to invest it is in another profitable newspaper.

Where do you find one? You hardly ever start a new newspaper because, as we've seen, that's usually suicidal. The best prospects are family-owned newspapers with aging proprietors. These men, as they approach the Golden Years, are sometimes unable or unwilling to bequeath their property to their heirs. Selling out to a group begins to look attractive—especially if the proprietor is interested in the continuance of his newspaper. A group can afford to pay a good price. More germanely, if the newspaper to be sold is the weaker participant in a competitive situation, chain ownership is much more likely to ensure the paper's survival. Even a small newspaper, if it is owned by a large chain, is unlikely to be the victim of a jugular circulation war. The predator will realize that his victim, now strengthened by the capital resources of its new owner, will be in a much stronger position to fight back. The usual result is a truce, tacit or formal. Both newspapers continue to publish, and to make a profit.

NEWSPAPER PROFITS

The past few pages have been a fairly general discussion of why the newspaper business, in each locality, tends towards a condition of natural monopoly, and how this process works. Its tone has been somewhat theoretical (generalizations usually do sound that way), and the import of it all is somewhat academic—because what we've been describing is a process which has already taken place. We turn now from the theoretical past to the economic present and to that least academic of subjects, profits.

We have already intimated, in earlier sections of this report, that newspaper profits are in general very large. We now propose to document that proposition by presenting what amounts to a huge, collective balance sheet that summarizes the assets, liabilities, revenues, expenses, and earnings of almost every daily newspaper in the country. We compiled this giant balance sheet by asking a representative sample of about half Canada's daily newspapers to provide us with their figures (all of those we asked co-operated splendidly), and by analysing D.B.S. statistics. The result is a composite financial view of the industry; if only one daily were published in Canada, its annual report to shareholders would look something like the data we're about to present.

The first two tables (9 and 10) correspond to the balance sheet that any corporation prepares to describe its financial condition at the moment. (For the non-accountants among us, a brief digression might be helpful to explain how a balance sheet works: it's a two-sided affair, and the sums on each side add up to precisely the same amount. On one side you have "assets"—which includes everything the company owns, and everything owed to it. On the other you have "liabilities," which includes all the money the corporation